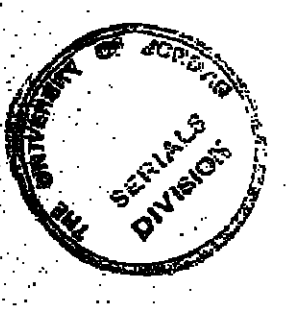


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Anne Eger Lahnstein, a Norwegian politician dubbed the "No Queen," taking questions Tuesday after the vote.

A Blank Piece in EU's North Corner

By John Darnton
New York Times Service

OSLO — Norway has again said "no" to Europe, and the European Union reacted Tuesday with the frozen smile of a jilted suitor. There were expressions of disappointment and regret and underneath the whispered message: It's going to hurt you more than it hurts me.

By resolutely rejecting membership in the Union in a referendum with a record turnout of 88.5 percent, Norwegian voters broke the Union's winning streak. In a series of votes this year that were timed to maximize pressure on Oslo, ever the reluctant applicant, the people of Austria, Finland and Sweden all decided to

Their ascension on Jan. 1 means that the European Union, intended to bring about a single market and perhaps some day even a unified political entity, will become a 15-nation body of 340 million people, extending from the warm Mediterranean waters to the Arctic, and from the west Irish coast to the Danube.

But now there will be a missing piece in the puzzle in the northern corner — not a big one, but a disturbing blank space all the same.

The snub from Oslo means one less small, wealthy and stable country to balance the rush of applications from six countries of Eastern Europe, three Baltic states and Cyprus and Malta. A Union summit next week in Essen, Germany, is supposed to formally endorse the complicated plans for eastward expansion.

No one expects any of the applicants to think twice after Norway's rejection. Norway has long been a special case in that the Union wanted it more than it wanted the Union. Once before, in 1972, Norwegian voters rejected joining the then-European Economic Community, and by a margin only slightly larger than the 52.2 percent "no" vote of Monday.

Norway's oil and gas reserves and rich fisheries give it financial resources. Its history of domination by neighboring countries sharpened a stubborn independence. And a broad array of welfare services lends a comforting sense of insu-

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UN Threatens to Recall Its Forces From Bosnia

Butros Ghali to Make It Clear: Agree to a Cease-Fire, or Else

By Roger Cohen
New York Times Service

ZAGREB, Croatia — Humiliated and harassed by Bosnian Serbian forces, the United Nations has decided to deliver a formal message to the warring parties in Bosnia that it will terminate its peacekeeping mission if a countrywide cease-fire is not quickly agreed to.

Senior Western officials said the planned visit to Sarajevo on Wednesday by the UN secretary-general, Boutros Boutros Ghali, had been conceived to put the maximum political weight possible behind a warning that fighting must stop now or UN peacekeepers will leave.

The warning, which amounts to a virtual ultimatum, is now seen as the only course for the United Nations after a week in which Serbs have taken its personnel hostage, subjected some soldiers to outright humiliation, stopped most convoys and demonstrated that a so-called safe area like the Muslim enclave of Bihać may in fact be attacked with impunity.

In effect, the threat of a United Nations withdrawal will amount to pressure on the Bosnian government to maintain its acceptance of the peace plan even if it is elaborated in some ways to please the Serbs. The Serbs might face more pressure from NATO if the UN pulled out.

One official close to the planning for the visit said that "the Boutros Ghali visit has been conceived as a dramatic gesture to deliver an ultimatum on withdrawal if a cease-fire of substantial duration is not agreed."

There are more than 23,000 United Nations peacekeepers in Bosnia.

Michael Williams, a spokesman for the United Nations protection force here, said Tuesday that "we're not at the stage of ultimatums."

He added that the "rock-bottom conditions" for the continuation of the UN mission were an immediate end to the fighting in Bihać, a Bosnian cease-fire, and guarantees that United Nations personnel could move freely.

"Mr. Boutros Ghali would be gravely disappointed if he left Sarajevo without substantial movement in those three areas," he said.

While the decision of the United Nations reflects the recent demonstration of its powerlessness, it has also been closely coordinated with the five-nation "contact group" to bring as much pressure as possible to bear on the Muslim-led Bosnian government and the Serbs to accept their peace plan.

[Secretary of State Warren M. Christopher said Tuesday that he would propose new talks between the warring factions leading to a possible international conference, Reuters reported. He said he would

propose the talks Friday in Brussels at a meeting of foreign ministers of the contact group on the former Yugoslavia — the United States, Russia, Britain, France and Germany.]

The top UN official here, Yasushi Akashi, met Tuesday for 90 minutes with officials from the five countries.

If the United Nations carried out its threat to withdraw, government forces would lose any buffer against the better-armed Serbs, and the Muslim enclaves of Bihać, Gorazde, Srebrenica and Zepa would almost certainly fall immediately.

The Bosnian Serbs, at the same time, would lose their last international interlocutor; their leadership is now banned from international travel. Eventually, they might also face exposure to NATO military action without the shield of the United Nations peacekeepers, whom they have been able to use as hostages.

The international peace plan, accepted by the Bosnian government but rejected by the Serbs, offers 51 percent of Bosnia to a Muslim-Croat federation and 49 percent to the Serbs, who would have to give up about one-third of the territory they currently hold.

Confusion was apparent Tuesday over possible adjustments of this plan at the contact group ministerial meeting Friday.

The chief U.S. contact group official, Charles Thomas, said that the plan would not be changed — even as Defense Secretary William J. Perry said new initiatives would be possible.

"We stick with the plan. We insist that the map be accepted," Mr. Thomas said in Sarajevo. But Mr. Perry said in Washington, "Certainly, one of the things that would be considered is allowing a confederation between the Bosnian Serbs and the Serbs."

This discordant expression of American policy reflected tensions between the State Department, inclined to take a tougher line with the Serbs, and the Pentagon, which has made clear its opposition to military involvement in Bosnia. But it also reflected some misunderstandings.

None of the proposed adjustments to the plan alter the fact that the map as it stands must be accepted by the Bosnian Serbs.

However, officials said that the new ideas were that if the Serbs accepted the map, they would be told that they need not withdraw to the lines on the map until a constitutional arrangement acceptable to them had been found and until possible mutually acceptable territorial exchanges were discussed.

The constitutional arrangement would probably be a Serbian confederation — an idea strongly supported by Russia, Britain and France, but still viewed with reservations by the U.S. State Department.

Allies Breathe Sigh of Relief As U.S. Drops Past Policies

By Joseph Fitchett
International Herald Tribune

PARIS — Following the Clinton administration's policy reversal on Bosnia, the Serbs are going to get a better offer about the future shape of Bosnia now that they have defied international pressure by virtually conquering the Bihać region, Western officials said Tuesday.

The Serbs' reward will take the form of a still-to-be-defined peace plan, the officials said, because a diplomatic initiative — not stepped-up threats of intervention — is the West's only practical alternative now.

European governments have embraced this damage-control approach, especially because it comes with promises that Washington will retreat from its tough — and ultimately ineffective — rhetoric depicting the Bosnian Muslims as victims who should and "should be defended by air strikes."

"Both sides are being hurt by the fighting, both could benefit from a peace plan," Defense Secretary William J. Perry said in a television interview Tuesday.

In any new proposals, he said, "One thing that would be considered is allowing a federation between Bosnian Serbs and Serbs."

Foreign Secretary Douglas Hurd of Britain also backed that possibility Tuesday, saying it might induce Bosnia's Serbs into peace talks.

Although "Serbia's" Muslim-led government opposes such a link-up as disguised annexation of its territory to Serbia, Clinton administration officials were quoted as saying that this and other proposals were open to discussion, provided the Serbs accepted Bosnia as an independent country.

No matter how well crafted, a restricted Western approach can only offer tactical cover for the allies' damaged credibility. And it cannot do much to deter other Balkan factions that may be tempted to pursue their own military ambitions.

The administration, sustaining the worst blow yet to its credibility in foreign policy, apparently shifted policy because the North Atlantic Treaty Organization was at risk of shattering.

European governments, exposed to acute humiliation by the failure to

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Focus Is on Senate Outlook for Trade Pact

Compiled by Our Staff From Dispatches

WASHINGTON — Lawmakers supporting the world trade agreement were hoping Tuesday that a predicted 100-vote victory margin in the House would build momentum for passage in the Senate, where the outcome of a vote Thursday remains in doubt.

The pact would reduce tariffs and other barriers to trade among 124 nations.

Vice President Al Gore made a final pitch for the accord Tuesday in the hours before the House was to vote in its first lame-duck session in 12 years.

"The vote counts are coming in a way that tells us we're close to victory," he said. "But we're not there yet."

President Bill Clinton lobbied House members in large and small groups, as his aides expressed confidence that the accord, negotiated over seven years under the General Agreement on Tariffs and Trade, would pass its first test.

At his last news conference as House speaker, Thomas S. Foley, Democrat of Washington, said he was confident the outgoing Democratic-controlled House would approve GATT.

"I hope and trust the Senate will follow," he said. A failure to approve the

trade accord, Mr. Foley added, would be "a signal blow" to U.S. leadership in the world.

The agreement is supported by House leaders of both parties. With the exception of the third-ranking Democrat, David Bonior of Michigan, the outgoing majority whip.

The vote is the first test of cooperation between Mr. Clinton's Democrats and the Republicans who will take control of the Congress next year. The presumptive House speaker, Newt Gingrich, a Georgia

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Yeltsin Warns of Invasion Unless Chechens Stop War

By Margaret Shapiro
Washington Post Service

MOSCOW — President Boris N. Yeltsin of Russia threatened military intervention Tuesday into a breakaway southern republic unless the internal warfare there, which has taken hundreds of lives, comes to a halt by Thursday morning.

The ultimatum gave warring sides in the Chechen republic 48 hours to lay down their arms, disband all armed units and release prisoners. If these actions are not taken, Moscow will impose a state of emergency in the volatile Muslim republic, which unilaterally declared its independence from Russia in 1991.

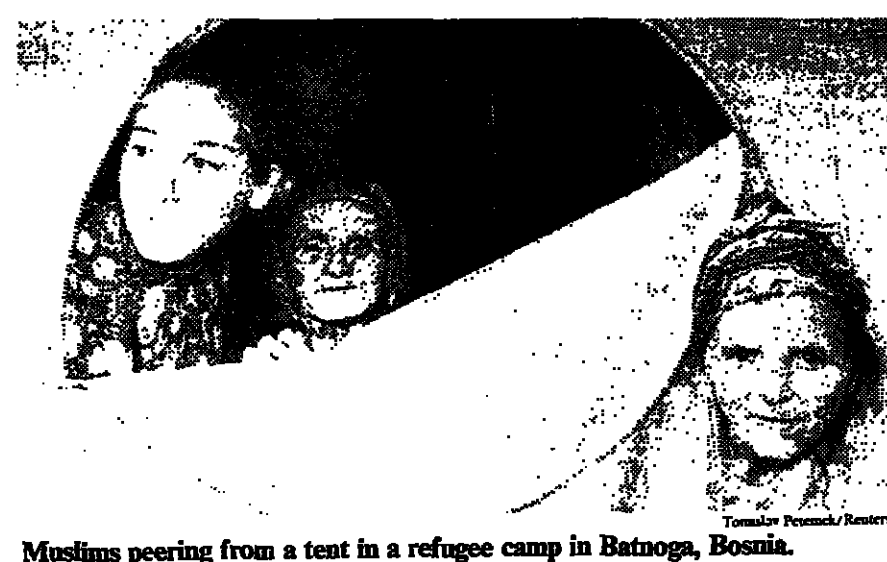
Mr. Yeltsin's ultimatum to use "all forces and resources at the disposal of the state" to restore order in Chechnya followed threats Tuesday by the Chechen leader, Dzhokhar Dudayev, to execute 70 captured fighters who he maintains are Russian soldiers sent to topple him. Mr. Dudayev later softened his threat, saying the men would be imprisoned as prisoners of war.

Mr. Yeltsin's demands produced derision in the Chechen capital of Grozny, according to press reports. The Chechen foreign minister, Shamsedin Yusuf, said Mr. Yeltsin must have been "drunk" when he thought up the ultimatum and warned that Russia would risk "another Afghanistan" if it sent in troops.

Chechnya's assertion of independence and its growing lawlessness have been sore points for the Kremlin, which is determined to reassert its control over Russia's huge expanse. But an incursion in the mountainous region, which Russia subdued in the late 1800s after a century of warfare, poses risks.

In 1991, after Chechnya declared its independence, Mr. Yeltsin sent in troops to quell the rebellion. But they were forced into a hasty retreat after encountering a hostile, and well-armed, local resistance. Mr. Dudayev's backers say that if Russia now attempts to reassert its rule, Chechens will

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Muslims peering from a tent in a refugee camp in Batnoga, Bosnia.

Kiosk

Cabinet Backs Berlusconi's Goals

ROME (AP) — Prime Minister Silvio Berlusconi received a boost Tuesday as the cabinet backed further privatizations, stronger antitrust laws and greater political and economic decentralization, a government spokesman said.

At NATO, Dole Adds Fuel To Arms Embargo Feud

By William Drozdiak
Washington Post Service

BRUSSELS — The incoming Senate majority leader, Bob Dole, set the new Republican-controlled Congress on a collision course Tuesday with the European allies by declaring that one of its early priorities would be to lift the arms embargo against Bosnia's mostly Muslim government.

After a day of meetings at NATO headquarters, Mr. Dole said he was still convinced that the only way to end Europe's worst conflict since World War II was to provide the Bosnian government with more effective means of defending itself in the 32-month war with rebel Serbs.

"There has been no pressure on the Serbs," Mr. Dole said, "and until there's some leverage it's going to be very difficult to stop the fighting."

France and Britain, which have nearly 10,000 troops on the ground serving with the United Nations peacekeeping force, have stoutly resisted any effort to lift the embargo. They have warned that such a

move would provoke Serbian reprisals against their soldiers and an escalation in the fighting that could inflame the entire region.

Faced with one of the worst crises in the history of the North Atlantic Treaty Organization, the Clinton administration has sought to mollify the allies in recent days by abandoning earlier calls for broader air strikes against the Serbs and emphasizing the need for a negotiated solution. It had previously announced that it would no longer enforce the embargo on arms for Bosnia.

Defense Secretary William J. Perry conceded Sunday that the Serbs had all but won the war.

Mr. Dole has drawn praise for his tian statesmanship in endorsing the trade treaty that is now expected to pass by an overwhelming congressional majority. But his tough stance on Bosnia suggests that President Bill Clinton faces serious problems with the

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Dow Jones	Trib Index
Down 1.01	Up 0.42%
3738.55	111.98

The Dollar	Tues. close	previous close
DM	1.5702	1.5696
Pound	1.5925	1.5921
Yen	98.875	98.875
FF	5.3928	5.3785

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr.
Antilles.....11.20 FF	Morocco.....8.00 Riels
Armenia.....1.40 CFA	Qatar.....11.20 FF
Bahrain.....9.00 FF	Réunion.....2.00 R.
Belize.....960 CFA	Saudi Arabia.....9.00 R.
Bolivia.....300 Dr.	Senegal.....960 CFA
Brazil.....2,400 Lire	Spain.....200 PTAS
Canada.....1.70 CFA	Tunisia.....1,000 Din
Chad.....50 Dirh	Turkey.....1 L. 35,000
Cyprus.....1 JD	U.A.E.....\$50 Dirh
Lebanon.....US\$ 1.50	Yemen.....\$1.70

Newly Discovered Mammal Gets Burned by the Public Spotlight

By Philip Shenon
New York Times Service

HANOI — As much as any animal can be, the sao la is publicity shy. For thousands of years, small herds of these gentle, goatlike creatures munched their way through the mountainous grasslands of Indochina, drawing so little attention that the outside world had no hint of their existence.

But that all changed when sao la were thrust into the age of celebrity, pushed in front of the television cameras and celebrated in National Geographic and People Magazine — overnight zoological superstars.

And that is what is killing them. Known by their Vietnamese name, sao la, the first species of large mammal to become known to international science in half a century, are threatened with extinction — not at the hands of loggers or animal predators, but because

of the well-meaning frenzy whipped up by scientists, environmentalists and the press.

Out of a population estimated at only 200, at least 6 of the nimble-footed, dagger-horned creatures have died this year after encountering humans.

"Certainly, we felt the need to tell the world about this discovery, but publicity has been a very mixed blessing," said David L. Hulse, the representative here of the World Wildlife Fund, which sponsored the research that led to the discovery of the animal.

"I didn't expect this much publicity, not at all."

The announcement in 1992 that scientists in central Vietnam had discovered a large, hitherto unknown bovine with antelope-like horns and a glossy coat was described as the zoological equivalent of finding a new planet.

"Something about this story just caught people's fancy," said Mr. Hulse, whose parents read of the discovery in their hometown paper in Iowa.

"It was amazing to me that something we were doing over here would be news in Des Moines."

Suddenly, it seemed, everybody wanted one of the creatures. Rumors spread among poor farmers that if they could deliver a live sao la, they would be showered with riches.

Competing Japanese television crews were widely reported to have offered several thousand dollars to anyone who could produce a sao la for the cameras, an extraordinary offer in an area where families earn the equivalent of \$200 a year.

"We try to tell the tribal people, 'Don't catch, don't touch, don't eat,' but it's not easy," said Vo Quy, a biology professor at Hanoi University and director of the Center for Natural Resources and Environmental Studies.

"Just the other day, I got a call asking me to buy one for \$1 million. I tell them, 'No, it's nothing.' The animals are more valuable in their own right."

The government has added sao la to its list of endangered animals, which makes it a crime to catch or kill one.

But the promise of bounty is too tempting for farmers, and foreign environmentalists in Vietnam say sao la are still being tracked down.

Two adolescent sao la were captured this October, apparently from an infection.

"People were so upset," said Nguyen Hu, deputy director of the Forest Inventory and Institute, who helped care for the creatures.

"Some veterinarians cried."

Norway's 'No' Vote Doesn't Faze the EU

Focusing on Eastern Europe, Union Sees Bigger Fish to Fry

By Tom Buerkle
International Herald Tribune

BRUSSELS — Senior European Union officials shrugged off Tuesday the decision by Norwegian voters to reject EU membership, saying the referendum raised questions about Norway's future but would not impede the Union's expansion.

Jacques Delors, president of the Union's executive commission, said he was disappointed by the outcome, but neither he nor any other EU officials professed any concern.

That is because the Union had already declared its latest round of enlargement a success two weeks ago, when voters in Sweden, the biggest candidate country, followed the Finnish and Austrian counterparts in approving EU membership.

The entry of those three countries in January will give the Union the economic and political impetus to begin considering the next, more difficult round of expansion, into Eastern Europe.

The new, 15-member EU will be the world's largest and richest political grouping, with about 340 million people and a combined economic output of 5.84 trillion European currency units.

"The Norwegian people are running the risk of living next to a huge economic group whose rules they will have to respect without having a say in how they are established," Alain Lamassoure, France's European affairs minister, told French radio.

"Enlargement is being offered to free nations," he said. "If they accept, fine. If they refuse, too bad."

Given that Norway rejected membership in the predecessor European Economic Community

in 1972, Monday's result was not entirely unexpected, said Hans van den Broek, the EU commissioner who led the Union's negotiations with Oslo.

Still, the vote was a bitter personal defeat for Prime Minister Gro Harlem Brundtland.

"It will now be more demanding for us to reach our goals, more demanding to be heard internationally," she said in Oslo.

She dismissed suggestions that she step down as head of the minority Labor Party government.

But the daily Verdens Gang called the result "a formidable defeat for Brundtland" and said, "In the next few days, questions are bound to be asked about her personal position."

Some EU officials almost expressed relief at the outcome, given Norway's historical hesitation over Europe. Opposition has already surfaced in Britain and France to plans for furthering EU integration at a 1996 conference, and the inclusion of yet another member deeply divided about EU cooperation could have made the 1996 negotiations unmanageable.

One commission official welcomed the outcome, saying, "It's not good to be in a club when you don't want to be."

In France, the Gaullist presidential candidate Jacques Chirac used the result to attack Mr. Delors, his likely rival. Mr. Chirac, who has criticized the EU commission for meddling in national affairs, said the vote showed that commission policies "have alienated many Europeans."

Mr. Delors said the result should ease the fears of Euroskeptics because it demonstrated that "nothing is possible without the support of the people."



Rivals at Close Quarters

The French presidential candidate Jacques Chirac and his likely opponent from the right, Prime Minister Edouard Balladur, at a Paris ceremony Tuesday to honor the Free French general, Leclerc de Hautecloque. Their rare encounter came as former President Valéry Giscard d'Estaing and Philippe Séguin, the National Assembly speaker, dismissed talk of a primary between the two men.

Republic Asks Russia To Deport 2 Dissidents

By Fred Hiatt
Washington Post Service

MOSCOW — The Russian authorities have detained two exiled Turkmen dissidents living here who are regular contributors to the U.S.-funded Radio Liberty, officials acknowledged Tuesday. They said the exiles were detained at the request of Turkmenistan, an authoritarian Central Asian government.

Human-rights groups here protested the arrests and are now lobbying to keep Russia from deporting the dissidents to Turkmenistan. The human-rights groups depict Turkmenistan's request as part of a larger campaign by President Saparmyrat N. Niyazov to eradicate all democratic opposition to his one-man rule.

"They were the only source of reliable information for the Turkmen people," said Shokhrat Kadyrov, a Turkmen sociologist here. "If they are sent to Turkmenistan, now, it will be the end of them."

The Russian government, while promising to protect human rights that are routinely ignored in the former Soviet republics of Uzbekistan and Turkmenistan, nonetheless has been reluctant to offend the rulers of those Central Asian states.

Many Russian politicians view Central Asia as a geopolitical battleground where Moscow faces off against Turkey, China, Islamic fundamentalists and the West. Turkmenistan, a desert republic with rich gas deposits bordering Iran and Afghanistan, is a particularly valuable prize.

Democratic activists from Central Asia frequently complain that Russia will not grant refugee status or protection from Central Asian security services operating beyond their own borders.

But human-rights advocates said the detentions of the two opposition figures marked the first time that Russia has officially assisted Turkmenistan to muzzle its opposition — or, as Mr. Niyazov said in a recent newspaper article, "to neutralize the activities of traitors to the homeland."

Alexander Petrov, a Moscow-based official of the advocacy group Human Rights Watch-Helsinki, said Turkmenistan has jailed seven dissidents in the past month, since Mr. Niyazov made that statement. He said two were seized by Turkmen security agents in Uzbekistan and taken to Turkmenistan, although both were Russian citizens.

A spokesman for the Turkmenistan Embassy here said that one of the Radio Liberty contributors, Murad Yesenov, was being sought on suspicion of "preparation of a major state crime," which the spokesman would not specify.

Turkmenistan also requested the detention of the other contributor, Khammurad Soyunov, in alleged connection with a 1992 rape, the spokesman said.

Abdy Kuliev, a leader of the Turkmen opposition here, said that the Turkmen security service, known as the KGB, routinely fabricated charges of racketeering, drug smuggling and other crimes against Mr. Niyazov's peaceful political opponents.

"This dirty game continues up to today," Mr. Kuliev said.

Mr. Kuliev, a former Soviet diplomat and, briefly, Turkmen foreign minister, said Mr. Niyazov has written to President Boris N. Yeltsin asking that Mr. Kuliev, too, be handed over.

WORLD BRIEFS

Papandreou Drops Presidency Hopes

ATHENS (AP) — Prime Minister Andreas Papandreou tried to subdue a unity crisis Tuesday in his ruling Socialist party by announcing that he will not pursue the presidency next year.

Mr. Papandreou had been widely expected to make a bid for the mainly ceremonial post when President Constantine Karamanlis's five-year term ends in May. His statement was an effort to end the jockeying among leading members of his ruling Panhellenic Socialist Movement over who would succeed him as party leader.

A move to the presidency could lead to a breakup of the party, called Pasok, which Mr. Papandreou founded after the fall of the 1967-74 military dictatorship. That threat has led ranking Pasok members to discuss Mr. Papandreou's succession.

Communist Named as Nepal's Leader

KATMANDU, Nepal (Reuters) — King Birendra named Man Mohan Adhikary as Nepal's first Communist prime minister on Tuesday, ending two weeks of political deadlock after a general election that left the Himalayan kingdom with a hung Parliament.

"I have been appointed as prime minister and I will be sworn in tomorrow," Mr. Adhikary said as he left a meeting with the king, whose late father, King Mahendra, had jailed the Communist leader for anti-monarchy activities. Mr. Adhikary, 74, said that communism did not mean an end to Nepal's four-year experiment with democracy.

"Marxism or communism as a philosophy depends on how best we can put it into action according to the realities of the country," he said. Mr. Adhikary's Unified Marxist-Leninist party won a plurality in the general election and staked a claim to form the nation's first Communist government.

Japan Drops Mission to North Korea

TOKYO (Reuters) — Japan dropped plans Tuesday to send a mission to North Korea this week after receiving what it said were negative signals from Pyongyang about the visit.

The secretary-general of the Social Democratic Party, Wataru Kubo, said the ruling coalition, which includes the Socialists, had decided to postpone the mission "for the time being." The visit was intended to explore ways of improving relations.

Meanwhile, North Korean negotiators flew into Beijing for talks with U.S. officials on averting any nuclear threats from Pyongyang.

Mexico's New Leader Meets With Left

MEXICO CITY (AP) — President-elect Ernesto Zedillo Ponce de León moved to soothe one of Mexico's bitterest divisions by meeting with leaders of the main leftist opposition and pledging to work for greater political reforms.

It was something that President Carlos Salinas de Gortari never did in his six-year term, which ends Thursday. As such, the meeting Monday was seen as a major signal of the changing political guard in Mexico.

The Democratic Revolution Party claimed that Mr. Salinas' fraud-marred 1988 election was illegitimate. It blames him in part for the deaths of nearly 300 party activists killed in suspicious circumstances over the past six years. That hostility and lack of communication helped push political conflicts to the brink of violence throughout Mr. Salinas' term.

Hungary Abandons World Fair Plans

BUDAPEST (Reuters) — Hungary on Tuesday abandoned plans to stage the 1996 Expo world fair in Budapest, a Foreign Ministry spokesman said.

After the Hungarian Parliament voted earlier this month against hosting Expo '96, supporters of the fair hurried to collect the 100,000 signatures needed to force a referendum on the issue. But of the 115,000 signatures submitted last week, only 85,000 were found to be genuine, authorities said.

Hungary's socialist-liberal government declared after it took power in mid-July that it would scrap its conservative predecessors' plans for the fair, saying the country could not afford it.

A Call for U.S.-French AIDS Truce

PARIS (AP) — Hoping to put a bitter French-American dispute to rest, the U.S. health secretary, Donna E. Shalala, called Tuesday for a new era of research cooperation to replace years of wrangling over royalties for an AIDS blood test.

Ms. Shalala, along with the French researchers Dr. Luc Montagnier and Dr. Maxime Schwartz, emphasized the importance of continued international cooperation in the fight against AIDS. She said her visit marked "a new chapter in our relationship — a chapter rooted in mutual trust, friendship, esteem and cooperation."

Squabbling between French and American researchers arose from a 1987 agreement that unevenly divided royalties between the two countries for the AIDS blood test. The test was first patented by an American research group headed by Dr. Robert C. Gallo, although a French group led by Dr. Montagnier had applied for patent approval several months earlier. The Americans had received \$2.8 million from test sales, while the French earned only \$2.1 million. The proportions now are reversed.

TRAVEL UPDATE

Eurostar Breaks Down in France

PARIS (Combined Dispatches) — A high-speed Eurostar train traveling from London to Paris broke down Tuesday, forcing 633 passengers to be transferred and delaying their arrival in Paris by two hours, officials said.

The TGV train was stopped by technical problems in the Haute-Picardie region between the French coast and Paris after passing through the Channel tunnel, French rail officials said. A replacement train was brought onto the line after the breakdown.

The breakdown is the first since commercial services started on Nov. 14. French rail officials said that they would reimburse passengers their tickets. (AFP, Reuters)

Nigeria Air to Resume N.Y. Flights

LAGOS (AP) — Nigeria Airways said Tuesday it would resume flights to New York that were suspended last year because of U.S. concerns about safety and security at Murtala Muhammed International Airport in Lagos.

The flights, the most lucrative for the troubled state-owned airline, are to start Dec. 15 but will be routed via Dakar, Senegal, for security screening before proceeding to New York. Return flights are direct from New York to Lagos. Nigeria Airways plans two flights a week initially, going up to three soon.

Belgian flights and train services were paralyzed Tuesday by a 24-hour strike affecting public service companies. Unions called the strikes a warning on government privatization plans. (Reuters)

Capital Airport in Beijing plans to eliminate fog that has forced it to close several times this month by spraying liquid nitrogen across the runways, Xinhua said Tuesday. (Reuters)

Financier's Aid for Russian Science Is Endangered

By Lee Hockstader
Washington Post Service

MOSCOW — Two years ago, the American financier George Soros offered an extraordinary Christmas present: a \$100 million "gift" to support the work of scientists of the former Soviet Union left penniless after the collapse of communism.

By nearly all accounts the program has been a resounding success, furnishing a safety net for about 50,000 top researchers and for the first time using merit rather than political connections as the basis for awarding grants for basic science in the former Soviet states.

In Moscow, where three-fifths of the recipients live, it sometimes seems as if

much of the city's academic and intellectual elite is at work thanks mainly to Mr. Soros's largesse.

Now, with the Soros money dwindling and Russia's economic crisis sapping its own funds for scientific research, a bureaucratic battle in Washington has imperiled the future of the Soros program, the International Science Foundation.

Mr. Soros, a Hungarian-born investor who made a fortune on Wall Street, made it clear from the start that one of his goals was to set an example for Western governments and financial institutions.

So far, about two-thirds of his original \$100 million grant has been disbursed,

and the balance is scheduled to be spent by the end of next year. Mr. Soros said he was willing to continue helping former Soviet scientists — albeit at a reduced level — but only if his foundation's efforts are matched by the Russian and U.S. governments. He has offered to put up \$20 million in 1996-97 if Moscow and Washington each do the same.

In Moscow, where a bitter battle over the 1995 budget is under way, Prime Minister Viktor S. Chernomyrdin has promised \$12.5 million in funds for basic scientific research coordinated with the International Science Foundation next year. The Soros program matched

that and took it as a good omen for further funding.

But in Washington, administration officials have balked at pledging money to keep the Soros program alive. They cite technical and legal problems in committing funds to the successor states of the Soviet Union through a private foundation committed exclusively to basic research.

For example, U.S. officials have expressed doubts that funds from the Defense Department intended by law to help convert Soviet military production to civilian uses could be applied for basic civilian research.

U.S. officials say that cash available for Russian science is simply scarce.

Irish Prelate Is Severe on Child Abuse

By Reuters

BELFAST — The leader of Ireland's 4 million Roman Catholics said Tuesday that the church would not protect pedophile clergy and warned that further cases might emerge.

Cardinal Cahal Daly gave the assurance as allegations of child sexual molestation against two priests shook Catholics on both sides of the Irish border.

"The church has no desire to cover up or shelter or shield anybody," Cardinal Daly said in Armagh, Ireland's ecclesiastical capital.

"Once substantial cases are verified, and known to be sub-

stantial — the police should be informed," he said.

The Irish Times said the police were investigating a number of charges of sexual abuse by clergymen, including one that a religious brother sexually abused a mentally disabled woman at a residential home where he worked.

The cardinal, in a BBC radio interview, said the betrayal felt by the whole church was nothing compared with the pain endured by the victims and their families.

He said abusers must accept

therapy and never again be in a pastoral position near children.

"More cases will surface because we are dealing now with cases going back maybe 10, maybe 15, 20 years," he added.

The latest controversy erupted Sunday with allegations that a priest assaulted an 8-year-old girl in Londonderry, in Northern Ireland, in 1989. The priest has since returned to his Cistercian monastery.

His religious superior promised full cooperation in any investigation. The girl's family has not made a formal complaint with police.

A previous scandal involving a long delay in legal proceedings helped bring down the Irish government two weeks ago.

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Herald Tribune

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THE AMERICAS / UNDERGROUND RAILROAD (AT SEA)

Illegal Immigrants Cruise Past Agency's Blind Eye

By Joel Brinkley
New York Times Service

FORT LAUDERDALE, Fla. — For illegal immigrants, getting into the United States can be as simple as climbing the gangplank of a cruise ship in the Bahamas and strolling off again in South Florida a few hours later — without ever showing any proof of citizenship or exchanging even a word with an immigration service inspector.

The Immigration and Naturalization Service's own investigators found more than a year ago that foreign criminal gangs have used these day cruises to the Bahamas as a virtual underground railroad for smuggling aliens and drugs into the United States.

Yet the federal agency has made no major changes in the way it carries out immigration inspections, continuing to conduct them on board the cruise ships. This practice is much criticized by the Border Patrol, the Justice Department and even some cruise line executives.

"It's kind of a joke," said Marsha Lightsey Tivoli, who carried out doz-

ens of "en route" inspections aboard ships that cruise to the Bahamas before she resigned from the agency last year. "There's no clear-cut way to say you've seen every person on that ship — or even really know who's on the ship."

It also appears to demonstrate the immigration service's lackadaisical approach to glaring problems, even after its own employees illuminate them. A New York Times reporter traveling on Discovery I of Discovery Cruises early this month found that the loopholes of en route inspections remain wide open — even as the agency pours money and manpower into Southern California to keep illegal immigrants out.

Most international passengers arriving in the United States face greater scrutiny. At airports, they pass through an immigration checkpoint where inspectors can view their passports and check their names against a computer data base. And on most long international cruises, passengers are inspected when they step off the ship.

But for nearly all day cruises to the

Caribbean, and even some longer ones, inspections are carried out en route. This procedure is also often followed on cruises from West Coast ports to points in Mexico.

Inspectors generally enjoy the work, said Allen McAtee, who was a senior inspector in Fort Lauderdale until he retired last summer. In fact, the Justice Department has found that inspectors often took friends and family along and that the cruise lines gave them free or discounted tickets.

For en route inspections, the inspector waits as an announcement over the ship's public-address system asks all passengers who are not U.S. citizens to report. The inspector looks at the papers of those people who choose to come and pays no attention to anyone else. Any illegal aliens who board in the Bahamas can ignore the announcement; if they do, they are never asked to show identity papers to anyone.

An undercover investigation by the Border Patrol, an arm of the immigration service, found that day cruises had become a favorite way for criminal organizations to smuggle aliens

and drugs into the United States.

The five-year investigation, "Operation Seacruise," found that foreign gangs used the cruises to get their soldiers into the United States, where they sold drugs, smuggled weapons and committed homicides, assaults and drive-by shootings.

Joe Foster, the Border Patrol special agent who ran the investigation, said he took his findings to the cruise lines and his own agency.

"The cruise lines, they would do anything we wanted," he said. "But we couldn't get the service to do anything about it."

Dan Cadman, who heads the service's Miami office, acknowledged there were flaws in en route inspections. But he defended them, saying "tourism is a huge industry in South Florida."

"Cruises are a huge industry," he said. "And we are faced with the dilemma of trying to expediently clear people off of those cruise ships and at the same time trying to conduct some kind of inspection. If we were to do all of it at land side, we would detain all of those ships."

Health Unit Sets Trials Of Vaccines For AIDS

By Lawrence K. Altman
New York Times Service

NEW YORK — In a sharp turnaround driven by a desperate need to stop the AIDS epidemic, the World Health Organization is moving ahead with plans for the first large trials of the two most widely tested experimental AIDS vaccines, quite possibly in Thailand.

U.S. health officials had rejected plans for testing the vaccines in the United States in June.

But an advisory panel of experts has given the Geneva-based health organization a green light to design and carry out full-scale trials of the effectiveness of the two experimental vaccines against HIV, the virus that causes AIDS.

Both vaccines have gone through the first two stages of a three-stage testing system, evaluating safety and immunologic responses. The third phase tests the vaccines' ability to protect against the disease, and the trials now being planned could involve several thousand volunteers. The experiments are aimed at determining whether the vaccines can prevent infection with HIV, not whether they can prevent AIDS in people already infected with HIV.

The health organization now estimates that 17 million people have been infected and that 4 million have AIDS. Even a vaccine with a low degree of protection would be valuable.

Because so much preparation needs to be done, a full-scale study of AIDS vaccines could not begin until 1996 at the earliest, said Dr. Peter Piot, an infectious disease expert and organization official. No decision has been made on where to begin testing, but initial indications point to Thailand as the first site, with Brazil and Uganda as distant contenders, he said.

In an interview, he said that scientists from the U.S. Army, American medical schools and the World Health Organization have been working for several years with Thai doctors and health officials who are eager to do the trials in Thailand.

In June, a panel convened by U.S. health officials expressed a lack of confidence in the potency of the two vaccines and overwhelmingly rejected a proposal to conduct phase-trials in the United States. Such trials would take longer and require more participants if conducted in the United States than in countries with a higher incidence of HIV, the panel said.

More than 90 percent of AIDS cases occur in Third World countries.

The two most widely tested vaccines currently available are derived from a protein, known as gp120, on the surface of HIV that attaches to a human cell, an early step of infection. The two leading contenders are made by Biocine in Emeryville, California, a joint venture of the Chiron Corp., the Ciba-Geigy Corp. and Genentech Inc.

To help develop consent processes for AIDS vaccine experiments, the health organization convened a group of sociologists to design studies to determine how well people understand the concepts.

AMERICAN TOPICS

For Healthy Old Age, Hit the Road After 50

If you want to grow old healthily, exercise. The monthly *Annals of Internal Medicine*, published by a Stanford University study that found that "older people who engage in vigorous running and other aerobic activities have lower mortality and slower development of disability than do members of the general population."

Researchers compared the health of 330 nonrunners aged 50 to 72 with 451 members of the 50-Plus Fitness club over an eight-year period and found "striking, persistent and increasing differences between runners and nonrunners," with runners needing fewer medications and experiencing fewer medical problems.

"The older you are, the more important being fit is," says Dr. Walter Bortz 2d, 64, a physician who ran in the recent New York Marathon. "Fitness for young people is an option. For old people, it's an imperative."

Being active assumes increasing importance after age 40. "Being active" is usually defined as getting at least 20 minutes, preferably more, of running, tennis, swimming or other activity that gets you out of breath, at least three times a week, preferably more. Walking, golfing, bowling and the like are not sufficient. Converts from the sedentary life, however, are advised to see their doctors before pulling on the running togs.

Short Take

Airships and construction cranes have been around for generations, but only recently have scientists been using them to explore towering treetop canopies from the Pacific Northwest to the jungles of Sri Lanka, rather than risking life and limb by simply climbing. They also use ski-lift rigs, towers and platforms. "To call this the

golden age of canopy research," said Nalini Nadkarni, a biologist and the author of "Forest Canopies," soon to be published by Academic Press. "We've overcome this notion that 'Oh, this is just Tarzan and Jane stuff.'"

About People

Paul Newman and Robert Redford scored a huge hit when they co-starred in "Butch Cassidy and the Sundance Kid" in 1969 and did it again with "The Sting" in 1973. They still hope to make a third hit together.

"We've been looking for a script we want to do for 20 years, and we've never been able to find one," Mr. Newman said this week. His latest film, to be released Christmas Day, is "NoBODY's Fool." Newman plays a ne'er-do-well construction worker who rents a room from Jessica Tandy, in what proved to be her last screen role.

Tennessee Williams's mother supposedly incarnated the self-dramatizing Amanda Wingfield in his first hit play, "The Glass Menagerie," in 1944. Self-dramatizing? In a letter to *The New York Times*, John Maxtone-Graham, stage manager for one of Williams's later plays, "Night of the Iguana," recounts an anecdote told by Bill Gould, one of the original stage managers of "Menagerie."

Shortly after it opened in Chicago, Williams came backstage to alert the cast that his mother was coming up from St. Louis to see the play. Williams was "aghast at how she might react to Laurette Taylor's devastating portrayal of, patently, herself. Following that Saturday's matinee, the playwright's mother came backstage, all smiles and bangles, Mr. Gould recalls, "and congratulated the company effusively," wondering aloud where "my clever son gets his ideas for these extraordinary characters." For "whatever her other shortcomings, the playwright's mother was wise enough to put a bold face on things."

— *International Herald Tribune*



Carrying a toy gun, Mr. Rubin arrived at a U.S. House committee hearing in October 1968, to be a witness into an inquiry on disorder at the Democratic National Convention.

Jerry Rubin, Firebrand '60s Radical And Co-Leader of Yippies, Dies at 56

New York Times Service
NEW YORK — Jerry Rubin, 56, the firebrand 1960s radical who used to preach distrust of "anyone over 30," died of cardiac arrest Monday in Los Angeles.

Mr. Rubin was struck by a car on Nov. 15 in Los Angeles. He underwent surgery that day and subsequently was listed in critical condition.

Mr. Rubin was a bearded standard-bearer of the New Left in the 1960s who helped carve himself a niche in American radical history with energetic protest gestures, though his views and style changed in subsequent decades.

Looking back years later, he called himself one of "the anti-capitalistic comics of the 1960s" who used street theater to pursue "the radical dream of transforming the system from outside."

In 1967, he campaigned to elect a pig as president of the United States and dropped dollar bills onto the floor of the New York Stock Exchange. Earlier in the 1960s, he became a fervent opponent of the war in

Vietnam, and he spoke proudly of that opposition in later decades.

As the 1960s went on, Mr. Rubin continued his protest activity and he became one of the group of radical defendants, the Chicago Seven, who went on trial in 1969, in Chicago.

The trial produced some of the most bizarre courtroom scenes in American jurisprudence. It was raucous and rowdy, punctuated by the defendant Abbie Hoffman's taunting of the iron-willed judge, Julius J. Hoffman.

Mr. Rubin and Mr. Hoffman were co-founders of the quint-

essential 1960s protest group, the Yippies.

The trial resulted in Mr. Rubin's and his six co-defendants' being acquitted of conspiracy, but he and four of the others were found guilty of crossing state borders with the intent of inciting a riot. Later, those convictions were overturned.

Mr. Rubin's book "Growing Up" (Up at 37) came out in 1976, by which time he had become "clean-shaven."

Mr. Rubin, who was the son of a Cincinnati truck driver turned union official, was married to Mimi Leonard, who worked for ABC-TV in New York.

DEATH NOTICE

The loving family and friends of **John SHELBY** regretfully announce his untimely passing on November 27th, in Trouville — the place where John chose to live. A service will be held on November 30th at 3 p.m. at the Eglise St. Jean, 40, rue de la Gare, Trouville, followed by the burial nearby.

DEATH NOTICE

DR. HORST SCHULMANN
BORN 13TH APRIL 1933
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The President of the Landeszentralbank in Hessen and Member of the Central Bank Council of the Deutsche Bundesbank, has succumbed to a severe illness.

The former State Secretary at the German Federal Ministry of Finance was a staunch proponent of German-American friendship. His advice on monetary and financial matters was highly valued throughout the financial community worldwide.

We owe him respect and gratitude.

The Board and the employees
of the Landeszentralbank in Hessen
Frankfurt am Main, 28th November 1994

The Funeral Service will take place at the Parkfriedhof Heiligenstock, Frankfurt am Main, at 11:30 a.m. on 6th December 1994.

Donations, instead of flowers or wreaths, can be made to the anti-cancer institution "Hilfe für kreislranke kinder Frankfurt e.V." Frankfurter Sparkasse (Bank account No. HIR28, bank branch code BLZ 500 502 01).

Away From Politics

• The Supreme Court upheld the federal ban on distribution of child pornography, saying it meets constitutional free-speech standards. Ruling 7 to 2 in a California case, the court said it interpreted the law to require proof that defendants knew the material involved a sexual performance by someone under 18.

• A baby born on an airplane last week remained in critical but stable condition at Reston Hospital Center in Virginia as his parents began a week of media interviews. Matthew Dules de Bara has been taken off a ventilator, which had helped him breathe since he was born two months prematurely.

Prisoner Held in Killing Of Serial Killer Dahmer

The Associated Press
MADISON, Wisconsin — An inmate at the maximum-security Columbia Correctional Institution in Portage, Wisconsin, was being held in solitary confinement Tuesday in the death of Jeffrey Dahmer, who had admitted killing, mutilating and sometimes cannibalizing 17 young men and boys.

The inmate, Christopher J. Scarver, was also suspected of critically injuring another man, a murderer from Milwaukee, authorities said.

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POLITICAL NOTES

Republican Early Birds Get Jump on '96

WASHINGTON — Of the many Republicans seriously considering running for president in 1996, two are ahead of the rest in the planning process — Senator Phil Gramm of Texas and Lamar Alexander, the former governor of Tennessee. Both have already put in place their campaign teams and their strategies.

Mr. Gramm, a strict fiscal conservative and advocate of smaller government, last week announced he would deposit \$5 million into his presidential war chest on Jan. 1. The money is left over from Mr. Gramm's 1990 Senate campaign. Mr. Alexander has hired a leading Republican image maker, Michael Murphy, to run his publicity, and Dan Perot, the former chief of staff for Governor John Engler of Michigan, to run his campaign.

Little known outside Republican circles, Mr. Alexander is being taken increasingly seriously within the party. Last week, he was the only prospective candidate to spend three days at a Republican governors' meeting in Williamsburg. When Mr. Gramm learned of this, he rushed down to Williamsburg for his own day of politicking. (Reuters)

Quayle Is Hospitalized With Blood Clot

INDIANAPOLIS — Another likely candidate for the 1996 presidential nomination, former Vice President Dan Quayle, was in stable condition Tuesday with a blood clot in one lung. Mr. Quayle, 47, was admitted to University Hospital here late Monday after experiencing shortness of breath at home, a hospital spokesman said. He was diagnosed with walking pneumonia Sunday at the hospital's emergency room. Doctors believe he will recover completely, but he is expected to remain in the hospital for about a week, the spokesman said. (AP)

New York Governor-Elect Mends Fences

NEW YORK — Looking a shade sunburned from his Florida trip, Governor-Elect George Pataki has opened his first line of communication with New York City, assuring eight top officials that the campaign's bitterness was behind him and that the city would not be neglected under his administration.

On Tuesday, Mr. Pataki met in secret with Mayor Rudolph Giuliani, who, feeling the sting of Mr. Pataki's rebuffs after the election, refused to attend the previous day's meeting.

Mr. Pataki told the group that he bore no grudge against a mayor and a city that did not vote for him. (NYT)

California Ruling Aims at Smear Attacks

SAN FRANCISCO — In a ruling that could limit last-minute "smear attacks" during campaigns, the California Supreme Court ruled that political candidates and their campaign committees must identify themselves in mailers sent to voters.

In a unanimous decision, the court upheld the constitutionality of a state political reform law that requires such disclosure in mailings of more than 200 advertisements in a calendar month by a candidate or committee. (LAT)

Quote/Unquote

Mickey Kantor, the U.S. trade representative, on the votes in Congress on GATT this week: "If it should fail, U.S. leadership would be lost, he said. "Every other country is watching us."

Thursday, December 1st. Don't go to just any restaurant!

The Paris American Aids Committee asks you to support the following restaurants on December 1st, World Aids Day. These restaurants will be contributing a part of the cost of your meal to the fight against AIDS. These funds will finance a program to help the Parisian hospitals, support research, and improve the life of people infected with the Aids virus.

Thank you for dining with
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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

'Not Much You Can Do'

Lean on Serbia Now

The reasons why the world's most pow-

Iceland and Greenland can afford to stay outside. By doing so, the Icelanders

—THE WASHINGTON POST.

—THE NEW YORK TIMES

By Charles A. Kupchan

The problem is that NATO is still a military alliance that concentrates power against an external threat. (This is precisely why the Central Europeans want to join.) An expanded NATO would lead Russia to reassert control over its former republics and to remilitarize. The chance to build a European security community that included Russia would be lost. The West might

NATO expansion would undermine democratic reformers in countries excluded from membership. Even if NATO held open the prospect of eventual membership for Russia, nationalists would react to Central Europe's entry into NATO by charging that Russian reformers had sold out to the West and had jeopardized Russia's security.

There is no need to take that risk when Central Europe does not currently face a serious external threat and NATO can always expand later. Since it would

These constraints make it hard to imagine that legislatures

The writer is senior fellow for Europe at the Council on Foreign Relations and teaches international relations at Georgetown University. He contributed this comment to *The New York Times*.

By Richard Cohen

That prospect, in fact, is so farfetched that it is not even under discussion. By the time the president — in, say, a television address — got finished talking about Serbs, Muslims, Croats, Montenegrins, Albanians, Macedonians and, for good measure, the historical importance of Kosovo, most of the audience would switch to reruns of

The Bosnian Muslims have yet to come to terms with their apparent defeat. Who can blame them? But blame can be leveled at American politicians and some in the Clinton administration who hint that

NATO is a different story. It sorely needs a common enemy, and there is no use pretending that the Serbs can fill that role. Bosnia is lost and so, probably, is NATO. Only a renewed Russian menace can save it — truly a case of the cure being worse than the disease.

The Washington Post

By Fidel V. Ramos

The writer is president of the Philippines

Some Poor I

Families Need

Child Labor

vide capital, technology and management skills. Receiving countries provide land, other natural resources and labor, both skilled and unskilled.

the trading blocs that have formed in Western Europe and North America. Flexible, low-cost, fast track, uncomplicated and well-focused, they can be started quickly.

By Kaushik Basu

While some parents in every country are callous and abusive, it is patronizing in the extreme to

carried out. More important, it puts too much faith in governments' capacity to do what is best for children.

ics at Cornell University, is author of "The Less-Developed Economy: A Critique of Contemporary Theory." He contributed to

GRAND RAPIDS, Michigan —
[From our New York edition:]
Truman H. Newberry, United

It will also — if it is successful — provide a demonstration that revo-

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: A Triple Alliance?

DATE: _____

1919: Senator Indicted


GRAND RAPIDS, Michigan — [From our New York edition:] Truman H. Newberry, United States Senator from Michigan, was indicted by a United States Grand

1944: Socialism Applied

PARIS — [From our New York edition:] The French government, by nationalizing the coal mines of northeastern France, has embarked upon an experiment in democratic socialism which, if it succeeds, will serve as a model for other French industries and probably for other European nations. It will also — if it is successful — provide a demonstration that revolutionary socialism is not the only alternative to Fascism in Europe.

1919: Senator Indicted

GRAND RAPIDS, Michigan — [From our New York edition:] Truman H. Newberry, United States Senator from Michigan, was indicted by a United States Grand


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Beware This Resurgence Of the Philosopher King

By Brent Staples

NEW YORK — What caused the Holocaust? Was it fascism, ushered in by the collapse of the Weimar Republic? Was it that German fixation on racial superiority and "purity"? Or was it the Enlightenment and those dirty rotten idealists, Hobbes, Rousseau, Franklin and Jefferson? Blame the Enlightenment and you have chosen the right villain — at least in the eyes of the late Leo Strauss, the political philosopher who held court at the University of Chicago through the 1950s and '60s. Mr. Strauss's students had to gasp when he said that Hitler had sprung full blown from the Enlightenment

The precepts of the Enlightenment are under daily assault.

presumptions that all people were created equal and that society was better governed by reason than by slavish devotion to tradition. He contended that the philosopher kings (himself included) were born to rule, servants were born to serve, and only disaster came of letting the rabble get above its station. He was unapologetically elitist and anti-democratic. His ideas have survived him and crept into vogue in American politics.

Those ideas were carried forth mainly by writers, economists and jurists who were schooled at Chicago. The economist Thomas Sowell, for example, quotes Mr. Strauss almost verbatim when he argues that social problems are "unsolvable" and that it is unnatural to try.

Robert Bork, a Nixon henchman during Watergate and a failed candidate for the Supreme Court, also claims Mr. Strauss as an influence. So do I, but in a different sense than my distinguished schoolmates.

I began my doctoral studies at Chicago in 1973, the year of Mr. Strauss's death. Black and poor, the first in the family to graduate from college, I was well aware of my resemblance to his notion of rabble that didn't know its place.

His best-known disciple was the University of Chicago professor Al-

lan Bloom, who gave Mr. Strauss's elitism its most public airing yet in the mega-selling book "The Closing of the American Mind." The book parrots Mr. Strauss's view that higher education ought to be the province of the golden few, and likens the student takeovers of the '60s to the sacking of the universities by Hitler's book-burning Brownshirts.

The book offers the vantage point of the philosopher king staring down his nose at the commoners. Its commercial success helped to beget the political correctness hysteria and a stream of tracts best characterized by William A. Henry's "In Defense of Elitism." Elitism hardly needs a champion. With poverty deepening, middle-class income stagnant and college tuition spiraling out of reach, class barriers are doing just fine on their own.

Mr. Strauss appealed to the conservative elite because he viewed the status quo as an expression of divine will. He appealed to college professors because he cast them romantically, as frontline warriors battling barbarism. He appealed to political ideologues because he provided "wedge issues" that pit the electorate against itself, specifically, the privileged against the poor. Conservative think tanks flocked to the party. Their enthusiasms have paid off. The precepts of the Enlightenment that Mr. Strauss so heartily despised are under daily assault. The notion of a permanent "underclass" that is beneath democratic grace is one example. The idea that some Americans are less entitled to opportunity for "genetic" reasons is another.

The way Americans now talk about crime is the most troublesome of all. Once it was taken as common sense that good influences transformed wayward children into good citizens. These days it is just as common to hear it asserted that prison and the death penalty are the only crime prevention. Lurking here is the presumption that criminals are born, not made. Why not fry them at the outset, before they break the law?

This dark view of human potential is poised to become a central feature of America's social policy. One antidote is fresh and frequent reading of the Declaration of Independence, the Enlightenment's most profound document, the place where rule by a privileged elite was resoundingly rejected and the worth of even the lowest born was asserted as a matter of national principle. In brutal times like these, that commitment cries out to be reaffirmed.

The New York Times.



Pathetic Messages for the Thieves

By Richard Reeves

NEW YORK — The Manhattan neighborhood along Fifth Avenue in the 90s is called Carnegie Hill because Andrew Carnegie and a lot of folks like him once lived up there, overlooking the Central Park Reservoir. The running track around the reservoir has just been renamed for Jacqueline Kennedy Onassis. One of the great hospitals in the world, Mount Sinai, is at 98th Street, and

MEANWHILE

some of the fancier private schools in the city are along 96th. A nice place. We lived there, at Fifth and 95th, in the early 1980s and our neighbors included Robert Redford and William Shaw, the editor of The New Yorker. But it was too rich for our blood. And too quiet. If I wanted to overlook a lake and trees, I'd move to the country.

New York being what it is, the area just north and east of the hill has been called The DMZ — that's after the demilitarized zones between North and South Korea and, once, between North and South Vietnam. There is public housing on the far side, and the people who run around the reservoir do not walk among those towers, some of them built when Mrs. Onassis's first husband was president.

We were back there the other night, having dinner with friends at a neighborhood restaurant called Vico on Madison Avenue between 92d and 93d. Walking back to Fifth

along 94th, Steve Brill, famous now because of the success of his idea, Court TV, said: "Do you know what 'The Club' is?"

Of course. The red bar that you lock onto a steering wheel to make it that much more difficult for thieves to get your BMW or Lexus, which seemed to be the cars of choice in the neighborhood.

"I'll bet you," Mr. Brill said, "that half the cars along here have it."

More than half, it turned out. The kids ran along shouting, "Here's one!" and "Another one!" We counted 23 out of 44. Besides that, more than a dozen of the cars along 94th Street had little red lights flashing inside, attached to alarm systems of some sort — guaranteeing that every week or so, locals could go without sleep while the damned things wailed through the night.

Pathetic! More pathetic were the notes taped to the windows, most of them saying just "No Radio." One said: "No Radio. Nothing in Car." My favorite, on a Saab, said: "No Radio. Nothing in Trunk. Nothing in Glove Box. Look for Yourself."

My own experience in these things includes just two thefts — of the same car. When I lived on West 11th Street in Greenwich Village, my old Volkswagen was stolen one day, never to be seen again, or so I thought. Amazingly, a month later I got a call from the desk sergeant in

a precinct on the Upper West Side saying the police had found the car under the West Side Highway.

I said I'd come to the station house, but he said the car was still under the highway. Police reported stolen cars and that was it. When I got uptown it was gone. Stolen again.

As law and order breaks down, government breaks up. While police are reporting a 12 percent crime reduction on the Upper East Side — which may mean that deductibles are higher and people don't bother to report theft unless they need evidence for insurance paperwork — is the largest landlord in the area is promoting a private security plan.

Douglas Elliman Co. wants the city to collect \$100 to \$200 a year from people who live between 59th Street and 96th, from Fifth Avenue to the East River. From 350 to 500 private security guards would then be hired to supplement the 52 real cops assigned to that beat.

On 94th Street, they already have private guards at night, paid for by block association. In these moonlit quarters, many other streets have of a same protection against the night, but who knows? We'll try anything. "The Club," private armies, welfare reform, more prisons, nice notes for literate thieves, leaving \$20 on a table for the junkies, as we used to do in the Village. Maybe putting out cookies and milk would help. Is this a great country or what?

Universal Press Syndicate.

LETTERS TO THE EDITOR

What Now for Bosnia?

Regarding "Prevent a Return to All-Out War in Ex-Yugoslavia" (Opinion, Nov. 16) by Adam Roberts, John Chipman, Philip H. Gordon and Mats Berdal:

The authors are right to remind us that wars may appear static but are not, and that the international community needs to rethink its policies in former Yugoslavia. They are also correct in observing that it is a really difficult task now to choose between too much passivity and too much activity.

But to suggest that the way out of the Balkan quagmire could be in a double confederation scheme and that the borders of Bosnia should eventually be redrawn will not prevent a return to all-out war. The suggestion is similar to those entertained by local nationalist leaders and their press even before the war in Bosnia. It displays the weakness of the policy of limiting the damage combined with the policy of

appeasement, the basis of the so-called realpolitik in the Balkans.

The drive for power of Serbia's Communist leader, now its president, has underlined the question of who will fill the power vacuum left by the disintegration of the 75-year-old state of Yugoslavia. The break-up of the country in the summer of 1992 brought the war for a new territorial distribution and new frontiers. Since then, the reshaping of national interests and ethnic borders has been in progress with tragic consequences.

The democracies claimed that one of the tools to contain the conflict was a speedy recognition of the new states, including Bosnia-Herzegovina. The chief local instigators of the war continued to act by using a combination of military action and the diplomatic tactics of confusing and confronting everybody, expecting that no one would thwart their ambition to create new frontiers. The rift in NATO is widening. Radovan Karadzic continues to

send a clear message about the fatal end of NATO. The elaborate buck-passing between trans-Atlantic allies over leadership in crisis containment in the Balkans might thus end in failure to defend many values and principles of democracies, including the principle that only peaceful and negotiated change of borders in Europe is acceptable.

In the meantime, Bosnia remains in the central theater of the whole of the former Yugoslavia. The proposition to redraw its borders may result in the division of the whole of former Yugoslavia into a western and an eastern part. Is it really attractive for Europe to seek a post-Cold War balance by replacing one Berlin wall with another?

NEBOJSA DIMITRIJEVIC, Geneva.

Anthony Lewis ("Unchecked Aggression in Europe Endangers the West," Opinion, Nov. 22) writes about attacks by Serbian forces on "safe areas" and accuses Britain

and France of appeasing the Serbs. That those same "safe areas" are used by Bosnian government forces as springboards for precipitating retaliatory action by the Serbs escapes Mr. Lewis. Progress toward peace will be possible only when the international community, and the Americans in particular, start an evenhanded application of the rules.

VLADA VJESTICA, Oxford, England.

Latter-Day Guardians

Bob Dole, Jesse Helms and other born-again guardians of the U.S. Constitution have served notice that President Bill Clinton's foreign policy had better suit the Senate, or else. Well, when Ronald Reagan's private vendetta against a tiny leftist democracy was curbed by Congress, and he and his agents carried on illegally, where did Dole, Helms & Co. stand? And where did these "Statesmen"

stand on the Cambodian incursion, Grenada, the arming of Saddam Hussein, the timing of George Bush's Somalia adventure?

JOHN FIRTH, Ste.-Colombe-sur-L'Hers, France.

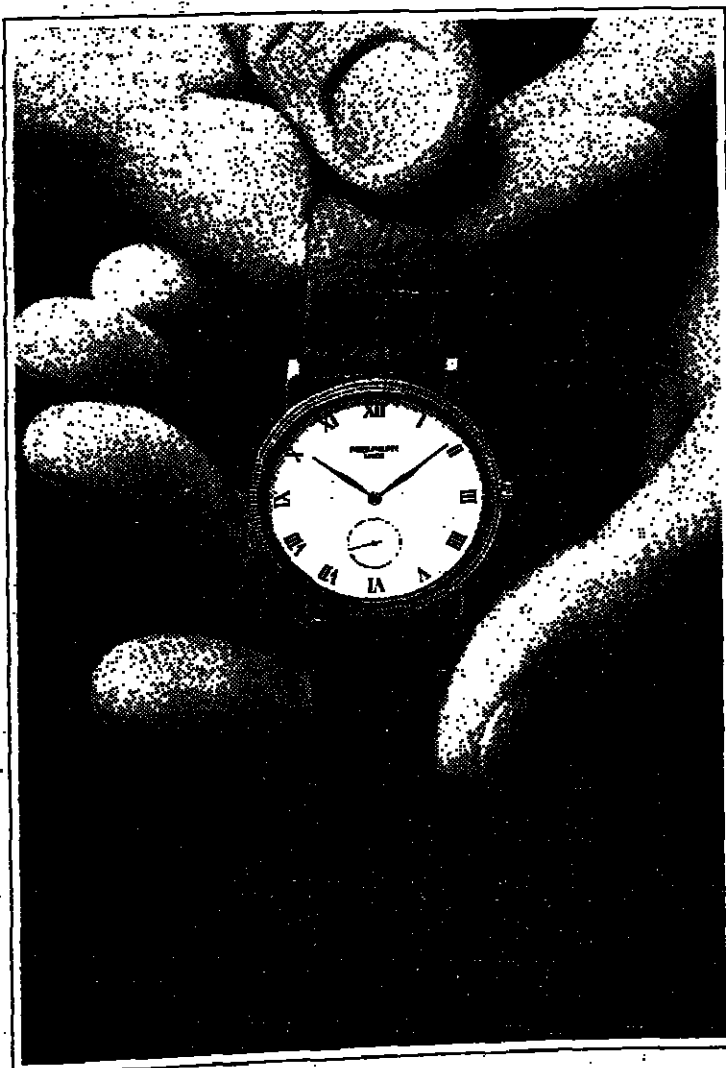
Piety and Politics

In response to the report "School Prayer Issue: Conservatives Wary" (Nov. 21) by Catherine S. Manegold:

Prayer in schools? As a Republican ploy it might have helped get votes, but as a panacea for moral decline it is certainly doomed to failure. Why isn't anyone worried about the decline in the intellectual discernment of the American voter? The televangelists Jim and Tammy Faye Bakker spent half their lives praying, yet no one can convince me that their "morals" are better than anyone else's.

KEN COWAN, Paris.

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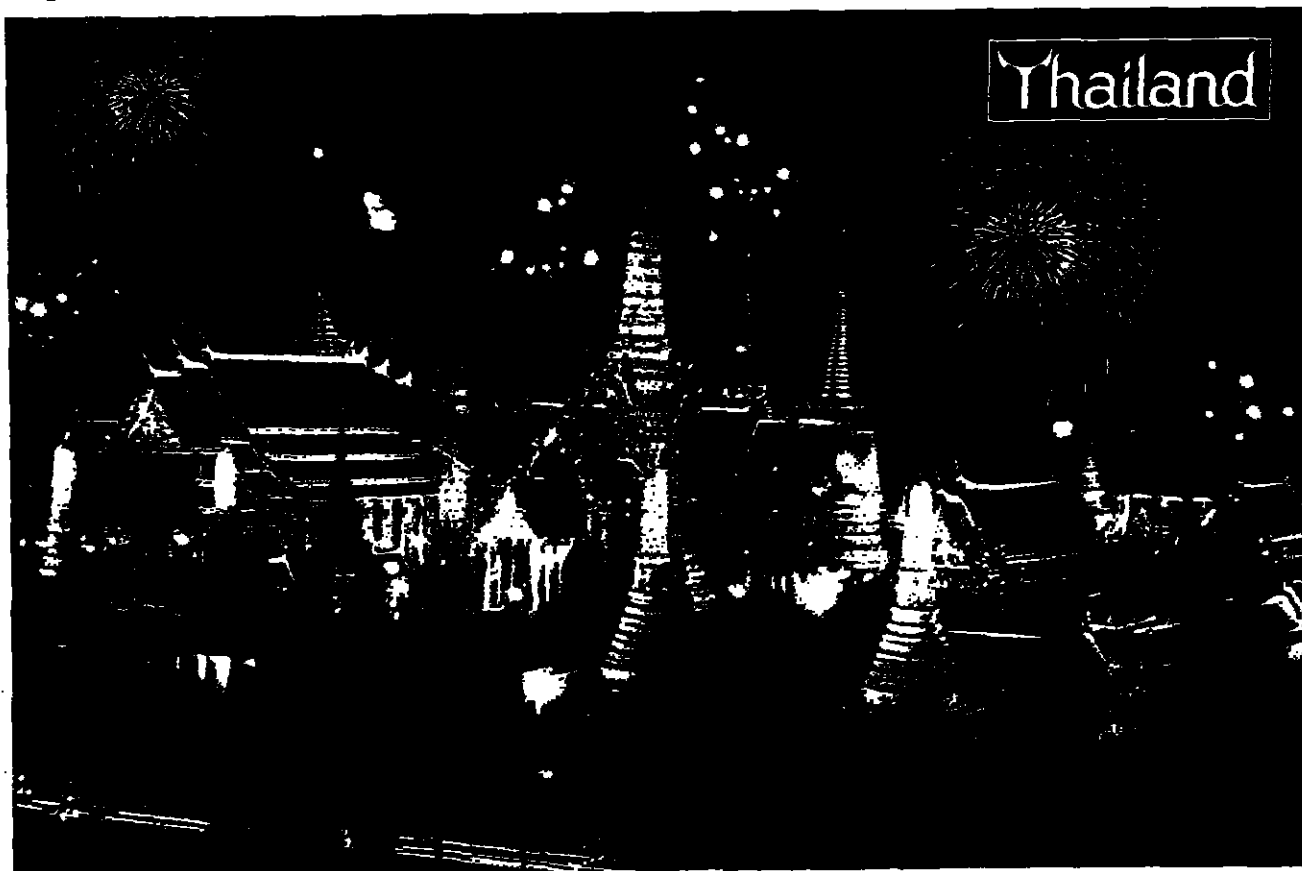


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The Vote Won in Parliament, Major Chastises Party Rebels

By Richard W. Stevenson

New York Times Service

LONDON — A day after using a political bludgeon to beat back opposition from within his own Conservative Party to win a parliamentary vote on which he had staked his leadership, Prime Minister John Major on Tuesday confronted the fallout from his tactics, including a technical loss of his majority in the House of Commons.

Making good on his promise to punish any Conservatives who failed to support the government in Monday night's vote on increasing funding to the European Union, Mr. Major effectively suspended from the party eight rebel Tories who abstained. The eight rebels kept their

seats, but cannot participate in party business and are threatened with being replaced as the party's candidates in the next election.

The actions reduced the number of recognized Conservatives in the House of Commons to 322, with the combined opposition parties plus the suspended Tories totaling 324.

The practical effects are limited because the rebels would support the government on most matters and because Mr. Major usually has the support of smaller parties such as the Unionists from Northern Ireland, who have 10 seats. Mr. Major's office said he would proceed with business, and the government went ahead Tuesday with its scheduled unveiling of its budget proposals for next year.

But with the Conservatives trailing the Labor Party and its new leader, Tony Blair, by more than 30 points in recent polls, the episode underscored the difficulty Mr. Major faces in holding his own party together after 15 years in power. And it left him vulnerable on other issues on which there is unhappiness within Conservative ranks with government policy, such as planned increases in the tax on home heating fuel.

The Conservatives do not have to call a general election until 1997. But there were continuing if so far unsuccessful efforts Tuesday by disgruntled Tories to mount a leadership challenge to Mr. Major and replace him as prime minister with another Conservative — the same way in

which Margaret Thatcher was toppled four years ago and replaced by Mr. Major. Under party rules, the rebels have until noon Wednesday to collect 34 signatures from Conservative members of Parliament to force a leadership election.

Faced with festering discontent on his back benches from Conservatives who feel his policies toward Europe risk Britain's sovereignty and waste taxpayer money, Mr. Major had said he would resign and call a general election if the party did not unite behind him and vote on Monday in favor of the legislation increasing Britain's contribution to the European Union by £1.1 billion, or \$1.7 billion, over the next five years.

In the end, Mr. Major defeated by

330 to 303 an amendment to the bill by the opposition Labor Party, and then won approval of the bill itself by a vote of 329 to 44, with most Labor members abstaining. Although several dozen Conservatives had expressed reservations, Mr. Major was able to limit the defections from his own ranks to seven abstentions on the first vote and eight on the second, but only after making his promise to suspend party recognition from those who failed to fall into line.

Far from putting the split in the Conservative Party behind him, as Mr. Major had clearly hoped to do, the maneuvering of the last several days appears to have hardened the opposition to Mr. Major's leadership.

Croatia Warns U.S. It Will Enter War If Serbs Take Bihac

By Michael R. Gordon

New York Times Service

WASHINGTON — Croatia's defense minister warned the Clinton administration on Tuesday that if Bihac falls, Croatia will enter the war against the Serbs.

Defense Minister Gojko Susak said that Zagreb considered intervening in the fighting near Bihac and in Krajina 10 days ago but was pressured by the Americans not to join the war. Following a meeting at the Pentagon with Defense Secretary William J. Perry, Mr. Susak said in an interview that Croatia had made a mistake by listening to the Americans and would not make that mistake again.

The Clinton administration has sought to prevent the war in Bosnia from spreading, and in the meeting Tuesday, Mr. Perry urged Croatia not to join the war.

Mr. Susak said that 3,000 to 5,000 Croatian Serbs had joined 10,000 Bosnian Serbs in assaulting Bihac. Taking all of Bihac, he said, would involve difficult house-to-house fighting and he said the Muslims could hold on.

Mr. Susak said that Croatia

had advised the Bosnian government not to launch an offensive out of Bihac, but that the Muslim military commanders had rejected that advice. Nonetheless, he said Croatia would come to the Muslims' defense, not only to defend Bihac but to deal a blow to the breakaway Croatian Serbs.

He said that he thought the Bosnian government forces could hold their own in central Bosnia and predicted that the diplomatic efforts would fail and that the fighting would go on indefinitely.

Supplies Short in Bihac

The UN-designated "safe area" of Bihac is crisscrossed with thousands of refugees, short of food and water and without gas and electricity, news agencies reported.

The authorities in Bihac state the town is now becoming overpopulated with an estimated 8,000 to 10,000 refugees from the surrounding towns, said Colonel Jan-Dirk von Merfeldt, a UN spokesman in Sarajevo.

The fighting around the town of Bihac increased again Tuesday afternoon following a lull. (Reuters, AP)

NORWAY: Blank Piece in Puzzle

Continued from Page 1

lation from the outside world. The decision not to join was especially regretted in Britain and Germany, where government officials were looking forward to an unbroken line of new recruits seen as affluent supporters of free trade and less inclined to require agricultural subsidies, which make up half of the Union's budget.

Both Chancellor Helmut Kohl and Foreign Minister Klaus Kinkel of Germany expressed disappointment at the decision, with Mr. Kohl pointing out that "the door to the European Union remains open to Norway despite this outcome."

In Britain, where the governing Conservative Party is so badly split over the EU that a bill to increase budgetary contributions to it fomented a back-bench rebellion on Monday, diplomats regarded Norway as a like-minded country that could be an ally when it came to refusing to relinquish sovereignty to Brussels.

"Certainly there was an underlying assumption that this swing northwards would have brought in people who tend to think like us," said a British diplomat.

No countries appeared sadder at the referendum's outcome than Norway's Nordic neighbors. Had Norway joined, then the three peninsula countries and Denmark, which became a member 22 years ago, might have formed a powerful minibloc with 13 out of 90 votes representing a total population of 23 million.

"I had been looking forward to cooperation with Norway on

a whole range of issues, including environmental issues, unemployment and also on work toward developing the Union into Eastern Europe," said Prime Minister Ingvar Carlsson of Sweden. Prime Minister Esko Aho of Finland said Nordic cooperation, both within and outside the Union, would be "more difficult after this decision."

Now the boundary of the EU will run between Norway and Sweden. The movement of goods will be relatively unrestricted, at least for a while, because Norway remains a member of the European Economic Area, a free-trade arrangement with the Union.

By not having Norway inside, the Union also loses an opportunity to have a second member, along with Finland, that shares a border with Russia. Norway's 180-kilometer (110-mile) frontier is a sensitive region environmentally because of nuclear wastes dumped into the Arctic by Russia.

Some comments Tuesday were laced with a touch of pique. France's European affairs minister, Alain Lamassoure, said: "The Norwegian people are running the risk of living next to a huge economic group without having a say in its running." A British Labor member of the European Parliament, Pauline Greene, said that "Norway has voted for ice-bound isolation from mainstream Europe."

But the overall reaction was that the referendum results were unfortunate but not a devastating blow and certainly not surprising.



French UN soldiers repairing the Princip Bridge in Sarajevo Tuesday, near the spot where Archduke Franz Ferdinand was assassinated in 1914 by the Serbian nationalist for whom the bridge is named. The event touched off World War I.

DEFY: U.S. Gives In to Idea of Letting Bosnian Serbs Link With Belgrade

Continued from Page 1

curb aggression on their own continent, have found it tempting to use Washington as a scapegoat. Those governments criticize the Clinton administration for failing to provide better leadership in Congress, which has constantly held out the

hope to Bosnia's Muslim-led government that it could benefit from military escalation.

Now the Europeans, while gratified at the prospect of seeing the administration line up more closely behind their views, worry that this shift may turn out to be another White House

vacillation that crumbles under domestic pressures.

Describing "a defeatist mood" among allied governments, a NATO official said that the key goal now was salvaging enough face-saving unity to preserve the alliance's future — including a NATO plan to rescue United Nations peacekeeping troops if they have to leave Bosnia.

At this juncture, a Western policymaker said, allied governments want "a policy fix to get to winter, when the weather prevents any major military offensives."

On Wednesday, Secretary of State Warren M. Christopher is scheduled to fly to Brussels to present the new U.S. views to the allies and to Russia.

And President Bill Clinton will meet President Boris Yeltsin of Russia next week at a summit meeting of European leaders.

Whatever the fallout on NATO and trans-Atlantic cooperation, the American public and Congress will certainly vent their frustration on the United Nations for hamstringing NATO's air power in Bosnia.

The overall U.S. policy shift, foreshadowed last weekend when Mr. Perry said that air

strikes could not halt the Serbs, was partly prompted by UN officials' refusal to let allied pilots knock out surface-to-air missile installations protecting targets.

Under UN rules, NATO can hit missiles after they have been fired but cannot eliminate them in advance, a situation that U.S. commanders say puts pilots at unacceptable risk.

Even if a new peace package offers better prospects of a respite in Serbian military pressure in Bosnia, it seems unlikely to change the long-term ambitions of Bosnia's Muslims or their supporters in the United States.

In Europe, too, splits over Bosnia policy have been widening. Despite government objections, Germany's ruling Christian Democrats offered thinly veiled backing Monday for lifting the arms embargo on Bosnian Muslims.

In France, acute tensions within the government have made it particularly tempting to lash out publicly at Washington, even though U.S. military assistance would be indispensable in rescuing French troops if there were an emergency evacuation of UN peacekeepers.

DOLE: Adding Fuel to NATO Feud

Continued from Page 1

gress over an issue that is rapidly eroding the foundations of the trans-Atlantic alliance.

Mr. Dole insisted that he and other Republican legislators were determined to pursue the harder option once the new Congress was installed in January, even if that would again raise the specter of a bruising clash with the allies and the administration.

He expressed dismay with the softening of Mr. Clinton's position since last year, when he urged the allies to support a proposal to lift the arms embargo and shield the Muslims from any Serb attacks with punishing air strikes.

He also disapproved of any concessions to the Serbs as an enticement to sign up for a U.S.-backed peace plan that would roughly split Bosnia's territory between the Serbs and a federation of Muslims and Croats.

"I think the last thing we need is another change of the U.S. position on Bosnia," he said. "We are prepared to work with the allies, but I don't see a solution with the way things are now. Do we wait another year and see another 100,000 dead?"

Mr. Dole said he disagreed with Mr. Perry's assessment that the war may already have been won by the Serbs and lamented the way in which NATO appeared to be "subordinated" to the United Nations in the Bosnian conflict.

He suggested that the outcome could have been radically different if NATO had been freed from the constraints of working under a "dual key" approach that requires UN approval for every military action.

"If you list all of the military actions by NATO on a blackboard, it would not be a very long list," he said. "They are

probably irrelevant to the Bosnian conflict. We've had pinpricks, not robust air strikes."

Mr. Dole suggested that the most helpful thing the European allies could do at this stage would be to consider pulling out their troops from the region as a prelude to lifting the arms embargo.

The allies have warned that such a policy would produce a disastrous regional war that could threaten Europe's stability, and Mr. Dole himself allowed that it may not lead to a satisfactory solution to the Balkan war.

"At least 90 nations in the United Nations have expressed a willingness to help Bosnia," Mr. Dole said, referring to a lifting of the arms embargo. "Will that help resolve the conflict? I don't know," he said. "But the debate is certainly coming with the new Congress in January, and the vote will take place."

Mr. Dole's stature and powerful new position has propelled him to the front ranks of contenders for the 1996 Republican presidential nomination. As a result, he was accorded red-carpet treatment at the headquarters of an alliance that, he said over the weekend, appeared to heading for a "complete breakdown."

He met with the NATO secretary-general, Willy Claes; the chief NATO military commander, George Joulwan; the permanent representatives of the 16 member nations; and the ambassadors of new partners from the former Warsaw Pact, including Russia's envoy, Vitali I. Churkin.

While noting serious differences over Bosnia, the Republican leader emphasized his continuing support for the trans-Atlantic alliance and the important challenge of adapting it to the post Cold War era.

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THREAT: Yeltsin Gives Chechens 2 Days to Halt War

Continued from Page 1

fight off the move aggressively. Since 1991, Russia has confined itself, officially, to political maneuvering to isolate and pressure the recalcitrant region. In the last six months, Russia has increased the pressure on Mr. Dudayev by severing all economic links and publicly backing armed opposition groups attempting to overthrow him. It has also beefed up the number of Russian troops on Chech-

nya's borders. On Tuesday, there were some bombing raids on Grozny that Mr. Dudayev's backers said were executed by Russian aircraft.

Mr. Dudayev and his backers have accused Russia of intentionally stirring things up so it can justify military intervention.

Indeed, at least some of the 70 captured fighters now being held in Chechnya were positively identified as Russian.

Several mothers of these soldiers appealed Monday to the Russian Parliament to save their sons.

"They are not volunteers for the opposition," the mothers wrote in a telegram to the Parliament. "The government and the defense minister refuse to admit that the Russian Army is involved in the conflict in Chechnya. We pray that you will save our sons and our souls."



GATT: With House Passage Expected, Focus on Trade Pact Turns to Senate

Continued from Page 1

Republican, has been working to pass the agreement.

On Monday, the administration lost two presumed supporters of the pact in the Senate.

Senators Max Baucus, Democrat of Montana, and Hank Brown, Republican of Colorado, said they would oppose GATT because of concerns that the World Trade Organization, which would be created to referee trade disputes, would infringe on U.S. sovereignty.

Mr. Baucus, the chairman of the Senate Finance subcommittee on trade, had supported GATT in committee.

But GATT supporters said that despite his defection, they were continuing to pick up backing and were confident the agreement would pass.

Senator Phil Gramm, Republican of Texas, who has criticized the GATT bill for including too many nontrade measures, said Tuesday that he would support waiving Senate budget rules to get the bill passed.

Mr. Gramm is a leader among conservative Republicans and a likely presidential candidate, and his support was hailed by

the White House as critical to shoring up Senate support for the agreement.

Mr. Gramm's decision was especially significant because he said he would vote yes on the most critical issue — a waiver of the Senate's budget rules, which requires the votes of 60 of the 100 senators.

Some advocates of the trade pact had feared that Mr. Gramm might declare his support for the agreement but vote against the budget waiver. And they feared that other conservative senators might follow that lead. Such a position could have provided some political cover, while possibly killing the agreement.

The budget waiver is necessary because the trade agreement calls for deep reductions in import tariffs — potentially reducing federal revenues by \$30 billion to \$40 billion over 10 years. Despite that, the Clinton administration has not proposed offsetting tax and revenue increases to finance those cuts, meaning that the budget deficit would be allowed to grow in violation of the current budget rules.

The pact will cut tariffs by an average of 38 percent worldwide and expands the rules of world trade into such new areas as agriculture, services and the protection of copyrights and patents. The World Trade Organization it creates would eliminate

the power of any one country to block an adverse trade ruling.

The incoming leader of the Senate's new Republican majority, Bob Dole of Kansas, announced his support of the accord after the administration promised that a panel of five retired judges would review WTO decisions.

However, Mr. Dole, attending a NATO meeting in Brussels, was not around Monday to push for the accord as Mr. Brown, a moderate Republican free-trade advocate, announced his opposition.

Administration officials said they believed they would easily achieve the 218 votes needed for passage in the House. Most observers had said that the Senate would provide the toughest test for the trade agreement because of the budget waiver rule.

As Mr. Clinton telephoned senators to line up their support, some administration officials remained worried that, under pressure from opponents, some senators might try to delay the vote until next year. Such a move, they argued, could kill the agreement.

"We can't take anything for granted," said one administration aide. (AP, Reuters, LAT)

صكزا من الاصل

For 2d Day, Gaza Police Seize Newspapers

By Barton Gellman
Washington Post Service

JERUSALEM — In a show of muscle against newspapers that displeased him, the Palestinian police chief ordered their distributors arrested and cargo seized Tuesday for the second day in a row as they tried to enter the autonomous Gaza Strip.

On Monday and Tuesday, all those arrested were released after six or seven hours and then permitted to sell their Jerusalem-based newspapers in Gaza. But editors and independent analysts said the display of force — and especially its repetition — had the unmistakable aim of muzzling unfavorable reports.

The intimidation tactic renewed questions raised last summer about the Palestinian Authority's commitment to free expression. In comparison to most of its Arab neighbors, however, the self-rule government has been fairly tolerant of published dissent.

The Islamic Resistance Movement, or Hamas, and the still more radical Islamic Jihad, for example, each have licenses to publish their own weekly newspapers in Gaza.

But one of the newspapers seized this week, the pro-Jordanian *An Nahar*, was banned from Gaza in late July and August on the pretext that it had

not obtained a permit for sale. Two other Arabic-language newspapers stopped this week, the daily *Al Quds* and weekly *Al Manar*, are generally regarded as supporters of Yasser Arafat, the Palestinian leader. The English-language *Jerusalem Post* was also seized.

Gaza's police chief, Brigadier General Ghazi Jabali, said in a brief interview Tuesday night that the delays were "due to bad weather."

The Monday edition of *Al Quds* carried a long interview with the Hamas leader, Mahmoud Zohar, in which he was highly critical of Mr. Arafat's self-rule government and declared it "a crime" to attempt to disarm Hamas.

On Tuesday, *Al Quds* reported

Monday's seizures on its front page and ran a back-page cartoon depicting General Jabali with scissors and rubber stamp and a sign reading, "Newspapers can't be distributed in Gaza because they don't suit our mood."

On the bookshelf beside him in the cartoon are two titles, "Guide to Handcuffing" and "Your Fingerprint Today."

An *Nahar*, by contrast, sought to avoid a confrontation. "They stopped it for a few hours only and they passed it," said Issa Ibrahim of the newspaper's advertising department.

In a long conversation in his office on Saturday, General Jabali said the fledgling Palestinian Authority gave its critics "more freedom than anywhere

else in the world, even more than the United States."

General Jabali accused Iran of controlling the Islamic opposition and said the government in Tehran would arrest a critic like Mr. Zohar and "either execute him or exile him to London." He said he did not wish to deprive opponents of freedom but said "the freedom should be organized."

It seemed doubtful to many analysts, even so, that General Jabali would move against the newspapers on his own. Mr. Arafat is in Brussels seeking economic aid, but Palestinian observers suggested that his highly centralized self-rule government would not take any significant step without his consent.

"All orders are coming directly from the chairman," said Ghassam Khatib, a former member of Mr. Arafat's negotiating team. "I don't think anybody dares to do that except one person."

In Israel, the government spokesman, Uri Dromi, said the conflict showed the "signs of a young authority trying to cope with a free press."

Mr. Arafat, Mr. Dromi said, would be unsuccessful if he tried "to impose on these people, who have been exposed for too long to the Israeli democracy."



Mr. Rabin with General Ilan Biran at the Tomb of the Patriarchs in Hebron, where 29 Muslims were killed in February.

End of Syrian Arms Embargo Meant as Aid to Peace, EU Says

International Herald Tribune

BRUSSELS — The European Union's lifting of its arms embargo of Syria was a political step designed to bolster the Middle East peace process and was not expected to lead to quick resumption of sales, EU officials said Tuesday.

"Nobody intends really, neither on the Syrian side nor on the EU side, to begin the trading of arms," a German official said.

The lifting of the embargo, imposed in 1986, was decided by EU diplomats last week and announced formally here late Monday at a meeting of EU foreign ministers and Foreign Minister Farouk Shara of Syria.

EU officials said the Union offered assistance to Syria under its new Mediterranean development policy in return for participation in the peace process by Damascus and the end of its support for terrorism.

Shimon Peres, the Israeli foreign minister, in Brussels for meetings with Yasser Arafat, the Palestinian leader, and EU officials, said it was a "mistaken decision" to lift the embargo before Syria opened peace talks.

"What should be lifted is the embargo on negotiations, not the embargo on arms," Mr. Peres said.

■ **Rabin Seeks Separation**
Prime Minister Yitzhak Rabin of Israel said Tuesday that he wanted to create greater separation between Israel and the Palestinians in the West Bank and Gaza, but would not uproot Jewish settlements at this point. The Associated Press reported from Hebron, in the occupied West Bank.

"My goal is to begin the separation," Mr. Rabin said at a press conference. He stressed that Israel was seeking aid for the Palestinian Authority so that there would be more jobs in the West Bank.

"Then we will not face heavy pressure to give permission to tens of thousands of Palestinians to come work in Israel," he said.

The prime minister was heckled by Jewish settlers during a 10-minute inspection tour of the Tomb of the Patriarchs, site of the massacre of 29 Muslim worshippers by a Jewish settler in February.

Mr. Rabin said it would be difficult to withdraw soldiers from Hebron before Palestinian elections. Under the Israel-PLO agreement, the troops are to pull out of major population centers before the elections, which are expected soon.

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Cairo Mobilizes Public Works to Counter Militants

By Chris Hedges
New York Times Service

CAIRO — Sheikh Mohammed Ali, a militant Islamic leader, sat in a dimly lit room in a second-floor apartment and thumbed through a stack of letters.

"This woman got divorced," he said, holding up a sheet of old white wrapping paper with labored Arabic script. "Her father and brothers have disowned her. She wants money to get married again. We will give her \$75."

The six men seated in the room nodded in agreement, and the group moved on to the next request.

More than the militant movement's fiery words and promise of change, such scenes have given the militants broad appeal among Egypt's huge underclass. And it is such scenes that the government, in a new program to win over the poor, has begun to combat aggressively.

A few blocks from where the sheikh held court, women and children stood patiently in line outside the beige walls of a new government medical

center. A prominent sign on the wall read, "In the name of God the Beneficent, the Merciful." Patients pay 15 cents for medical and dental care.

The clinic is part of a nationwide effort to meet the needs of citizens living in areas of militant activity. Here in the Imbaba slum, the effort also includes miles of newly paved roads, a new sewer system, more garbage collection, a vegetable market, a youth center, three new bus lines, improved electrical service and water lines.

The government has invested more than \$10 million in the slum and will spend more than \$200 million in other poor neighborhoods and villages this year. Overall, Cairo says, it will spend \$1.5 billion on slums, poor villages and shantytowns over the next three to five years.

"This is a political war, not a religious war," said Abdel Rehim Shehata, the governor of Giza, the governorate that includes much of Cairo. "Religion is used as a banner by the terrorists to exploit those suffering

from poverty and unemployment, to exploit those living in filth or those who cannot get their children into schools."

The government's response to the recent flash flood and fire from an oil explosion that killed hundreds in southern Egypt showed the importance it now places on helping the poor.

After an earthquake rocked Cairo in 1992, government workers failed to appear for days, and Islamic charities provided much of the relief. But such charities were banned from the area of the flood and fire, and the government sent in senior officials to supervise relief efforts.

Since underground Islamic groups began their campaign to topple the government in 1992, more than 460 people, mostly militants and policemen, have been killed.

"This is just another attempt by the government to steal money," Sheikh Ali said. "Local officials just pocket the money. They have paved a few roads, but what about the sewers?"

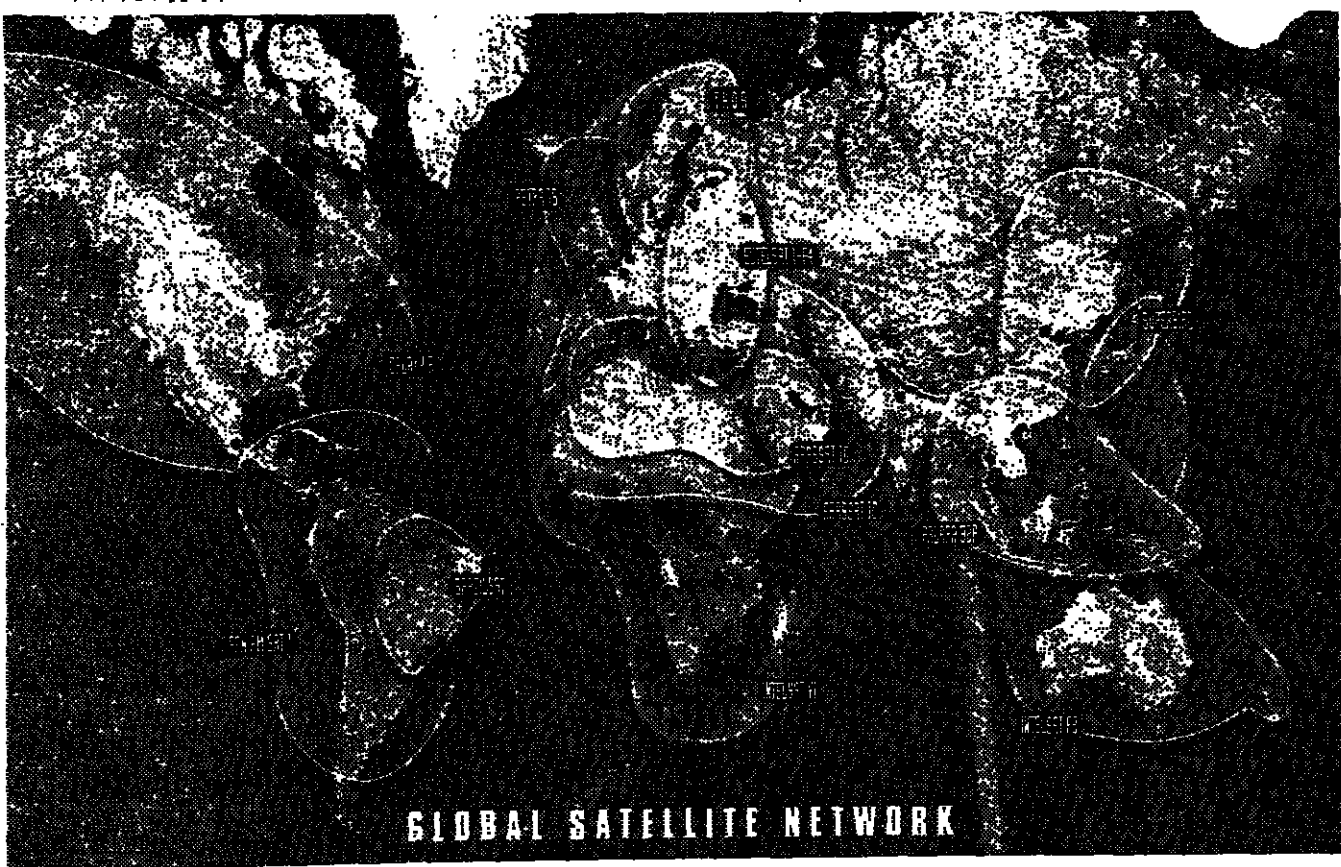
Whatever they do, we will always control Imbaba."

The 1 million people of Imbaba, crammed into towering, mud-walled buildings and narrow dirt alleys, once harbored this city's most violent militant cells.

Gangs of militants armed with knives and clubs roamed the slum, attacking Christians, burning video shops, forcing people to hand over money and assaulting women who did not cover their heads. There were many parts of the slum that policemen feared to enter after dark.

But police sweeps, coupled with the government aid, have forced the militants to retreat. Terrorist attacks have decreased, and the new social services have won the government a few converts.

"After the government crackdown on the militant groups, they came in and built us a hospital and a youth center," said Rabe Sayid Ahmed, 20, a truck driver. "It came as a big surprise to us that the government started to care."



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Peter Greenaway's 'Rosa': A Film Opera or an Opera Film?

By Alan Riding
New York Times Service

AMSTERDAM — Perhaps the most surprising thing about Peter Greenaway's first foray into opera is that he has not been there before.

His training as a painter, the visual extravaganza of his movies, his interest in music and his delight in experimentation all seemed to be leading him in this direction.

"My cinema has become more and more operatic as I have dabbled with the English tradition of pseudo-realism and notions of truth," the British film director explained. "Finally, I thought, why not push the boat out all the way and see what I could do operatically with this?"

He had no trouble coming up with an original and typically macabre tale, and after two years of collaboration with Louis Andriessen, the Dutch Minimalist composer, he has created "Rosa: A Horse Drama," which has promptly become the most talked about opera of the new season in Europe.

That the lead soprano performs naked is, of course, enough to stir comment. But what makes the opera most unusual, many critics say, is how, having allowed music and theater to influence his movies, the 52-year-old director has now brought cinematic techniques to the stage. "It's a film opera or an opera film," he said in an interview.

In it, Greenaway uses movie screens and high-tech staging and lighting to recount the story of Juan Manuel de Rosa, a composer of music for American

Westerns whose greatest love is his horse. Esmeralda, his much-abused fiancée, vies for his attention by splashing her naked body with black paint and impersonating a mare.

As so often in his movies, the director has also come up with spectacular visual effects. Set in an abattoir in Fray Bentos, Uruguay, peopled by workers wearing only blood-stained white aprons, the opera reaches a climax with Rosa's murder by two cowboys firing from the screen of a Western movie as Rosa tries to escape on a model horse walking on a treadmill.

With carcasses of cattle hanging in the background like sentinels of death, Esmeralda then marries Rosa's corpse, which is placed on a small crucifix on his dead horse's back. And after Esmeralda enters the disemboweled body of the horse, all three go up in flames that sweep Valhalla-like across a transparent screen that covers the stage.

For filmgoers who have seen Greenaway's "The Cook, the Thief, His Wife and Her Lover," "Prospero's Books" or "The Baby of Macon," the opera's peculiarly formal treatment of sex, cruelty and humiliation may seem familiar. Audiences at Amsterdam's Muziektheater this month, though, at times seemed stunned if not actually shocked.

The end of the 100-minute opera was often greeted at first with silence and then with enthusiastic applause sprinkled with a few boos. But the Netherlands Opera production has also been a sell-out, and it has drawn music critics from all over. Its run of 10 performances ended Monday.

The response of European reviewers has been generally good, and almost

without exception they have applauded Andriessen's loudly amplified music performed by the combined Asko and Schoenberg Ensembles under the direction of Reinbert de Leeuw.

There has also been much praise for the performances of the Australian baritone Lyndon Terracini as Rosa, of the Dutch soprano Miranda van Kralingen as the storyteller-turned-investigator and above all of the Australian soprano Marie Angel who, as Esmeralda, spends most of the time on stage in the nude.

GREENAWAY, of course, never apologizes for disturbing his audiences. In this case, he said, he is merely giving a new twist to the familiar theme of victimized operatic heroines. "In traditional operas, it all happens at a distance, somehow sanitized," he explained. "Here sexual politics are out in the open. It's a way of taking an old medium and putting it up against the new vocabulary of the streets and cinema."

Certainly, Angel, who belongs to the Opera Factory company in Britain, sees the sexual violence and humiliation suffered by Esmeralda as a form of denunciation. "Taking your clothes off on stage shouldn't be shocking," she said of her role. "But we should be shocked by what happens to Esmeralda."

Greenaway also plays with the notion of truth by creating the fiction that "Rosa" is the reconstruction of a real event: specifically, that in 1957 Juan Manuel de Rosa became the sixth of 10 composers who, between Anton Webern in Austria in 1945 and John Lennon in

New York in 1980, were murdered under mysterious circumstances.

In this case, the opera begins with five coffins being brought onstage to symbolize the five composers who died before Rosa and it ends with the investigator presenting 10 clues that were common to the first six murders.

"The first and last victims are known," Andriessen said with a smile. "Peter would like you to believe the others existed, too."

Andriessen, who first worked with Greenaway in 1991 on a television film called "M is for Man, Music and Mozart," recalled that he had once asked the director to explain all the sex, violence, rape and blood that he portrays. "I follow my nose," he told me, "the composer said. But now Andriessen has his own explanation. 'It may seem to be about sex and blood, but above all it is very intellectual, very symbolic,' he said."

Whether cerebral or theatrical, Greenaway even plays a final trick on the audience. After the final curtain, a rap singer, the American Phyllis Blanford, suddenly appears on a balcony to sing an index to the opera that is projected onto a huge screen. Some people leave, some people stay and for 20 minutes Blanford belts out her definitions from "abattoir" to "zigzag."

Greenaway has now headed off to Japan to shoot his next film, "The Pillow Book," his version of a classical Japanese story in which, he said, "a contemporary courtesan enjoys having her body written on by her lovers." In this way, he added, carnality and literature are juxtaposed.



Van Kralingen, left, and Angel in "Rosa: A Horse Drama."

Small Is Better in 2 New Musicals

By Sheridan Morley
International Herald Tribune

LONDON — There are two new musicals this week of wildly different aspect and intention, but going to prove that small is beautiful and big can be horrendous. At the King's Head, "Stairway to Heaven" is a mini-staging based on "A Matter of Life and Death," the Powell-Pressburger movie classic in which David Niven went on trial for his life after a heavenly angel had somehow failed to scoop him up from a wartime crash.

The film was an often unwieldy debate about the afterlife and the relative merits of love and living, but from it two young composers, Tom Morgan and Kevin Metcalf, have with their director, Dan Crawford, crafted a small-scale musical of tremendous period charm, complete with new songs that sound as though they were written 50 years ago. At least two of these numbers, "Everyone's a Fool in Love" and "What Keeps Dreamers Awake," make one ache for the cast recording, but most importantly the show keeps the King's Head flag flying for the kind of musicals we are always told they don't write like that any more.

"Out of the Blue" (Shaftesbury) is also set against a World War II backdrop, but

that is the only link. Not so much "Miss Saigon" as "Miss Shogun," this one is a breathtakingly bizarre sing-along about the emotional and clinical fallout of the Nagasaki atomic bomb.

With casting not so much nontraditional as nonsensical, so that a black actress plays the daughter of a Japanese nurse and a white American doctor, songs that never quite seem to get to their main melody and a deadly solemnity about the lyrics ("The waiting dead of Tokyo — heroic, stoic, manic"), it is hard to understand how "Out of the Blue" ever got to a first reading, let alone a first night. It will soon I fear be "Into the Red," a terrible warning to anyone who believes that Bouillabaisse-Schönberg shows are easy to echo even when you haven't got a halfway adequate story line.

At the newly fitted Jermy Street Theatre, a welcome revival of Stephen Macdonald's "Not About Heroes," the play about Wilfrid Owen and Siegfried Sassoon in World War I and derived from their own poetry and letters of the period. Essentially a "Journey's End" set back from the trenches, it remains a clenched and ineffably English love story about two men who could never quite face up to their own passion or the death that was to claim Owen just a week before Armistice. In Nick Ellisworth's production, Basil Hos-

kins is wonderfully touching, though the age gap here with Adam Warren's Owen seems a little too wide.

And finally, on the National's Cottesloe stage, another welcome return: Harold Pinter's "Landscape" of 1969, about the mysterious retainers in a long-deserted country house, totally wrapped in their individual and conflicting memories of other lives. Ian Holm and Penelope Wilton are definitive. Seen again for the first time

LONDON THEATER

In 20 years, the much-advertised Pinter mystery does seem to be, as he always said it was, a little less mysterious. Clearly these two people are married, and clearly the wife has been unfaithful to him at least in spirit. Holm excels at internal exile, and Wilton at unspoken emotional agony. As a team, they reflect, better than any other, Pinter's concerns with the trickery of memory and the nature of servitude, both strong themes of the movies he was writing around the time of "Landscape."

His production, originally for the Gate in Dublin, has tremendous authority and a kind of musical power, as though the whole piece had been written as a sonata instead of a duologue.

'Reigen': Vienna in the Round

By David Stevens
International Herald Tribune

PARIS — Arthur Schnitzler's "Reigen" had nothing but trouble from censors, morals police and scandalized audiences until the fed-up author made the play off limits for theaters as long as it was not in the public domain.

It still is not frequently done. But almost 20 years after his death and 50 years after he first published it privately, it became a classic of French cinema as "La Ronde" by Max Ophüls, and now it has become an opera that looks like a winner. "Reigen," the opera, by the Belgian composer Philippe Boesmans, set to a libretto by Luc Bondy, had its first performances last spring in Brussels, where it was revived this month before coming to Paris for three enthusiastically received performances at the Châtelet under the wing of the Festival d'Automne.

Schnitzler's plays are X-rays of Viennese society in the days of Habsburgian decline, ironic and cynical, yet, under their elegant surface, with a detached sympathy for his characters.

"Reigen" is a tour de force, a round dance of sexual promiscuity and social facade. Each of its 10 scenes is a sexual encounter from which one partner goes on to the next scene with a new partner. It begins with the Soldier and the Prostitute and goes up and down the social ladder, ending with the Count and the Prostitute, and with a scene of the Young Woman and the Husband as the centerpiece. Unspoken but implicit is the one thing they all share (Schnitzler was a doctor, after all).

Bondy, who staged the opera, has shrewdly adapted the play, sticking close to the original text (the work is sung in German), making judicious cuts, but also making clever additions. Thus, an anonymous couple sing of undying love while the



Pollet and Hamilton in "Reigen."

Each scene's climactic moment, so to speak, is wordless in the text, but becomes an orchestral interlude in Boesmans' score, of which the funniest is the Handelian fanfare that signals the Young Man's success after a disappointing first try.

In all, it is a shrewd operatic adaptation, and the composer has grabbed the ball and run with it. Boesmans uses his big orchestra with great flexibility and a rich sense of color, giving each scene its own particular atmosphere. The music is eclectic yet somehow quite personal, and above all singable. This should appeal to any opera house that wants to expand its contemporary repertoire.

The 10 roles are about equal in length, although some are more equal than others. The work builds to its natural peak in the meeting of the Count, almost unbending by timidity and good fortune, and the extravagant Singer, and Françoise Pollet and Dale Duesing played the scene over the top (in Duesing's case the top being a falsetto as secure as his true baritone).

Patrick Davin conducted with mastery of the score and his musical forces. Solveig Kringsborn (Young Woman), Deborah Raymond (Prostitute), Franz Ferdinand Nentwig (Husband) and Ronald Hamilton (Poet) were impressive singing actors, but there were no weak spots in a cast of 10 good roles and no weak ones.

Another innovation of Bondy's was the invention of a silent character — played and choreographed by Lucinda Childs — who was sometimes a real, androgynous person, a waiter or cleaning woman, and sometimes a phantom presence, there but unseen. The idea was not always convincing, but Childs was always elegant about it.

Erich Wonder's sets were little masterpieces, takeoffs on Viennese interiors, enhanced by Susanne Raschig's costumes and Max Keller's lighting. The urban backdrop for some of the scenes was suggestive of Vienna without being specific.

BOOKS

FLESH AND STONE:
The Body and the City in
Western CivilizationBy Richard Sennett. 431 pages.
\$27.50. Norton.Reviewed by
Witold Rybczynski

RICHARD SENNETT, who has written interestingly about urbanism in "The Conscience of the Eye" and

"The Fall of Public Man," sets out here to trace the history of urban life using a familiar but, at the same time, surprising yardstick: the human body. Sennett proposes to examine the evolution of cities according to people's bodily experiences, that is, as he puts it, "how women and men moved, what they saw and heard, the smells that assailed their noses, where they ate, how they dressed, when they bathed, how they made

love in cities from ancient Athens to modern New York."

This is a tall order. Rather than providing a comprehensive history, Sennett has written what is, in effect, a series of essays. He has chosen to describe particular cities at particular times, including Athens in the time of Pericles, Hadrian's Rome, Renaissance Venice, Paris during the Revolution, Edwardian London, contemporary New York City. This successfully conveys the flavor of urban life at different times, and also permits the author to indulge in explorations of a wide range of ancillary subjects like homoerotic relations in ancient Greece, the contrasting architecture of the Acropolis and the Pantheon, the Venetian invention of the Jewish ghetto, the technology of the guillotine and the social revolution inaugurated by the London Underground.

"Flesh and Stone" is a fascinating excursion with an erudite guide. Sennett writes with intelligence and grace although he has the academic's irritating habit of incessantly quoting secondary sources, which interrupts his narrative to no good end; one wishes, instead, to have heard more of his own clear, compelling voice. It is a voice that brings the past to life — particularly in the part of the book that deals with Athens and Rome — and convincingly describes the way in which these very different cultures experienced city life: Athens through rhetoric and Rome through the eye.

In an engaging chapter on E.M. Forster's London, Sennett discusses the evolution of comfort and its impact not only on seating furniture but also on cafés and pubs, railroad car-

riages and private rooms. What does this have to do with the city? A great deal, it turns out. As buildings became more comfortable, they also became more self-contained and separated from the public spaces outside — technologies such as electric lighting, mechanical ventilation and elevators saw to that. And comfort affected streets in another way, turning them into chiefly places of rapid and efficient movement.

If the author's prognosis is bleak, it is because the theme that finally emerges is one of cities as places of tension and contradiction. The industrial, modern city transformed a sense of place into mere space which could be more conveniently subdivided, sold and economically exploited. According to Sennett, at the center of the city in Western culture is a series of deeply rooted and unresolved flaws; perhaps it is no surprise that our own cities, likewise, should be far from perfect.

Witold Rybczynski, the Meyerson Professor of Urbanism at the University of Pennsylvania, wrote this for The Washington Post.

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Stones Set European Tour

The Associated Press

PALM BEACH, Florida — The Rolling Stones, in the midst of their U.S. tour, have announced their European tour schedule. It opens in Stockholm on June 3 and will continue in Finland, Norway, Denmark, the Netherlands, Germany, Belgium, Italy, France, England, Spain, Portugal and Switzerland through Aug. 19. Shows will be announced later in Poland and the Czech Republic.

The U.S. tour has been extremely successful, according to promoters who say it has brought in more than 2 million fans already. The U.S. concerts should bring in more than \$120 million, possibly as much as \$130 million, a spokesman said.



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[The page contains dense handwritten text in Devanagari script, organized into several horizontal sections separated by thin lines. The handwriting is cursive and typical of early 20th-century Indian documents.]

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MEXICO INVESTOR

Welcome to the Mexico Investor. The goal of these pages is to provide readers with some insights into the economic growth and rapid developments that are taking place now in Mexico. President Zedillo's vision of the future is accompanied by interviews with business and government leaders in several key sectors including commerce, finance, telecommunications and infrastructure.

Mexico's New President Looks Ahead

What remains unfinished in the revolution that has taken place in Mexico? What is the job that you will have to do?

The previous administration stabilized the economy and prepared the country for economic growth. Our emphasis will be on microeconomics and productivity within the framework of a highly prudent macroeconomic policy.

Through deregulation and the support of small and medium-size businesses, we must now promote competitiveness and productivity while preserving stability. We will also aim at reducing the inflation rate even further, through a policy of healthy public finances and a prudent monetary policy.

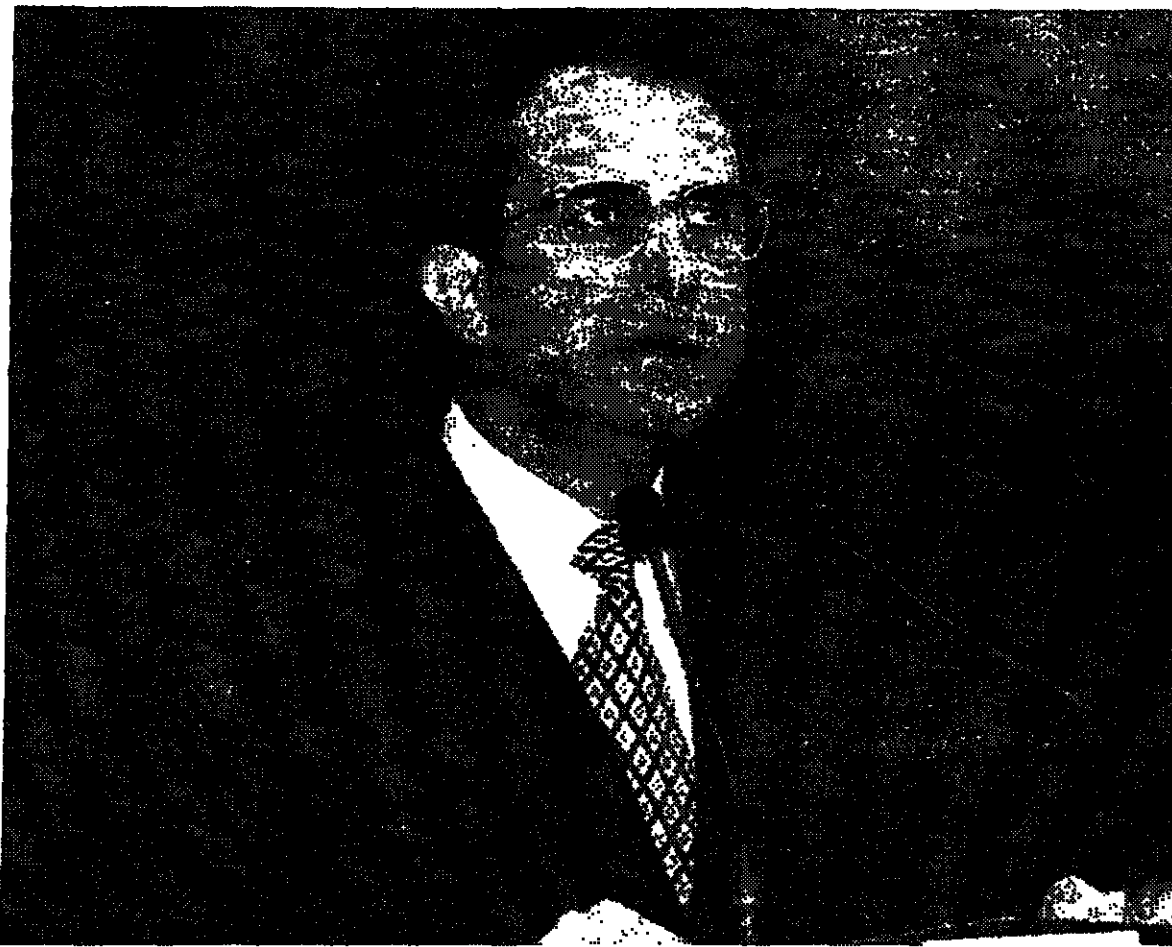
Do you have any goals for your first hundred days in office?

Rather than talk about any specific goals for a determined period of time, I would point out some of the immediate priorities of my future administration.

- Spur growth in the Mexican economy, starting with about a 4% increase in 1995. The challenge is to create one million jobs per year, while maintaining stability.
- Combat extreme poverty. I have proposed the National Poverty Abatement Plan, which will have two tracks: guaranteed access to basic services such as education, health, nutrition and housing to the poorest sectors; and more employment opportunities for the needy.
- Overhaul our justice system. We wish to examine everything—from making sure that the judiciary is really independent to increasing the efficiency and professional capacities of law enforcement institutions, limiting acts of authority, simplifying rules of procedure and providing sufficient legal security for everyone, including investors in Mexico.
- Put democracy in Mexico under a microscope. We want to open the decision-making process to the people and create a more productive dialogue between legislative and executive branches.
- Make the PRI fully independent from government and more transparently democratic in the selection of its candidates; a process already under way.

The well-being of the Mexican family has been stated as one of your top priorities. How do you envision the Mexican family gaining from your administration's policies?

The well-being of the Mexican family is in fact the central objective of my economic policy proposal. Until now, the well-being of the population has suffered from a lack of real economic growth and the concentration of wealth. Until very recently, the economy was stagnant and the population was growing, so we were trying to distribute the same size pie among more and more people. We now must make that pie grow faster than the population, so that there is real growth



Dr. Ernesto Zedillo, President of Mexico

"A better standard of living for the Mexican population depends on economic growth coupled with price stability."

in wages and income.

Concentration of wealth was caused by an import substitution model that, in the long run, favored capital at the expense of labor, and that labor was later hurt once more—again favoring capital—by high inflation. A healthier, open economy with low inflation allows us now to correct that income distribution. One of our most abundant resources is labor. By investing in workers' education and job training, we will boost competitiveness along with wages, and this will create better income distribution.

Hence, economic growth and a better income distribution will lead to higher standards of living for the Mexican family.

Regional economic development is another part of your plan. What do you see as the keys to successful regional development?

First of all, I see regional development as a key element in my National Poverty Abatement Plan. Regional development hinges on what I have called a new federalism and it will be forged out of change—political, social, legal and economic change.

We must experience a profound reallocation of real power, authority, responsibilities and resources from the omnipresent federal government to the state and municipal bodies. By decentralizing the federal government and shifting responsibility for public expenditure and investment funds to state and municipalities, we will be able to better address the individual concerns of each community. The regional development strategy includes: providing credit and saving services through local financial institutions; deregulating at the local level; investing heavily in infrastructure; and communicating regularly

with state and local authorities. In short, we are looking at a transfer of responsibilities, resources and decision-making powers; investment in infrastructure; and promotion of priority regional projects.

I'm sure you are optimistic about the growth of the Mexican economy. What means will be available to encourage foreign investors who want to participate in this growth?

First of all, let me say that I regard private investment as a fundamental engine for permanent economic growth and my administration will give private investment the highest priority. Foreign investment must continue to give complementary support to domestic investment. Foreign investment is allowing us to acquire state-of-the-art technology and links to international trade and production flows.

What approach are you planning to take on the development of infrastructure? Have you set priorities yet?

Along with energy inputs, our priorities will be placed on transportation and telecommunications: on better transportation equipment and on reduced lead times. Promoting private sector participation in highway construction and operation will expand the road network faster.

We need to reshape our railroads both to modernize domestic trade and to improve the productivity of our ports. This will also increase employment in less developed regions of the country.

My proposal also contemplates a prompt modernization of telecommunications and its regulations. We will promote intense competition in this sector in order to achieve better

quality, lower prices and increase development according to the country's requirements. The power sector also holds great promise if we take advantage of the new Law of Independent Power Producers. The water sector also holds great investment potential.

Recognizing the need for private investments in infrastructure, I have proposed the creation of a Fund for the Promotion of Investment to trigger greater private sector participation in infrastructure projects. This fund will provide guarantees to investment projects, allowing them to obtain sound financing. It will also invest risk capital temporarily as a complement to private investment. The profits will repay investors.

One final word about infrastructure. I firmly believe that we must work together with the United States on investment in infrastructure and environmental protection along our border. The North American Development Bank should help us in working together in these matters.

Do you have a strategy for developing rural as well as urban economies in Mexico?

Rural development requires both economic and social initiatives. On the economic side my strategy is to increase production and productivity along with income in order to raise the living standards of the Mexican people.

On the social side, we will aim at improving health, nutrition and education.

I intend to guarantee the permanence of the PROCAMPO program for at least 15 years and to increase the direct financial support to the rural worker by almost 30%. We will also redouble our efforts to ensure the right of use of common lands, as well as recognition of deeds on family plots.

I have made a commitment to promote rural infrastructure. We will also create a comprehensive rural training system to help with technical advice, technology transfers and organization using producer organizations, research and advisory firms, state universities and technologic institutes.

We will seek to ease direct transactions between producers and wholesalers by modernizing marketing mechanisms. We will also try to strengthen the production capabilities of producers' organizations and improve infrastructure. We will improve credit flows to rural areas so that they are timely and delivered at competitive rates. Finally, I will fight bureaucracy and centralization through an institutional reform of the agencies that provide services to the rural sector.

Interview by Kate McLeod

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MEXICO

MEXICO: THE NEXT FIVE YEARS

While fiscal discipline remains important, Mexico's future energy will be focused on economic growth.

To date the central theme of Mexican economic policy has been monetary and fiscal discipline, with the primary aim of bringing inflation down to international levels and running a balanced budget. These objectives, to a large extent, have been achieved. Inflation has fallen from triple digits into single figures and should remain relatively low, helped by the recent legislation to make the central bank independent. On the fiscal front, massive deficits have been eliminated. Excluding interest payments, Mexico has been running a surplus budget for several years.

Economic growth: Not a goal, a necessity

The new administration's policy will angle much more toward growth. Until recently, there was little need to worry about the real economy. Stimulated by reform and foreign cash, Mexico grew strongly in the late 1980s and early 1990s. However, the tighter policy, measured in terms of real interest rates, and the real appreciation of the exchange rate resulted in a sharp slowdown in activity. Growth slumped to just 0.4% last year. With the Mexican population expanding by 2% per annum, strong economic growth is an absolute necessity. The fact that 70% of the population is under the age of 25 highlights the need for economic growth and the importance of job creation.

While the new government is unlikely to abandon the current exchange rate policy in favor of a freely floating system, the possibility exists that it will allow a little more flexibility by either widening the current exchange rate bands or contemplating a one-off devaluation. We also anticipate some easing on the fiscal side. A modest budget deficit, on the order of 2-3% of GDP, while leaving the pri-

convergence of the two countries stalled and speculative pressure could not be contained with higher interest rates.

Improved credit rating

At present, Mexican debt is valued at just below investment grade status. The dramatic decline in inflation, the new-found fiscal responsibility and the government's move to deregulate and free up the economy make a strong case for upgrade. However, it appears that the risk of social and political unrest is the main reason why Mexico has so far failed to reach investment standard.

Mexico may need to experience 12-24 (peaceful) months before a formal revision is considered, in which case Mexican debt could reach

national standards. In the past, justification of the high deficit has been rationalized particularly by Mexico's need to expand its productive base through the import of investment goods and by the fact that the country has, in the recent past, been able to attract foreign capital to finance the shortfall on the current account. These justifications may support investor confidence near term, but they are subject to sudden change and therefore present a risk.

A second concern is the possibility that the new government will reverse the dramatic progress seen over recent years on deregulating the economy, improving the country's underlying economic position and stimulating investment. The social unrest has put pressure on the government to lean toward a more growth-oriented strategy and to relax the tough budget/tight money policy.

The Chiapas uprising highlighted the perceived failure to address pressing social issues in a country where impressive strides in macro-economic reform have been accompanied recently by declining per capita GDP. Therefore, social policy will undoubtedly receive greater emphasis now. However, a complete economic policy about-face seems unlikely. The reform process has simply come too far and achieved too many tangible results for the government to even contemplate such a reversal. Furthermore, the alternative of generating economic growth through accelerated public spending might put Mexico back on the early 1980's debt crisis path.

Nigel Rendell is an Emerging Market Strategist at James Capel & Co., in London.

ECONOMIC PROJECTIONS - THE NEXT FIVE YEARS		
	Year	Forecast
Real GDP (average % per annum)	1994	1.0
	1995-1999	4.0
	1994	6.5
	1995-1999	7.5
Inflation (Dec %)	1994	7.0
	1995-1999	6.0
	1994	2.0-3.0
	1995-1999	11.0
Dedining spread relative to US		

Source: James Capel & Co.

mary balance in surplus, would still be consistent with the goal of reducing the public sector debt. The extra spending is likely to be channeled into business and social programs.

On trade grounds, formal linking of the peso to the dollar is likely. The present system, with a fixed ceiling and a depreciating floor for the peso, could be adapted or amended to a fixed upper and lower band, similar in essence to the European exchange rate mechanism. As in Europe, a complete realignment of the exchange rate would be an option in case the

investment status in 1996. Assuming no broad change in economic policy and a social peace, further improvements should be possible over the coming years. The attainment of middle investment grade status would allow Mexico the same access to international funds as that currently enjoyed by Malaysia and Thailand.

What are the risks for Mexico?

The growing current account deficit has caused some concern. At present, this is running at around 6% of GDP, a high level by inter-



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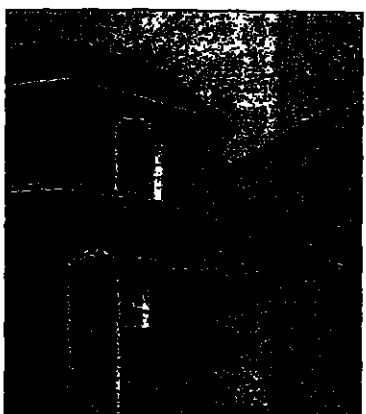
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MEXICO INVESTOR

Mexico's Financial Markets

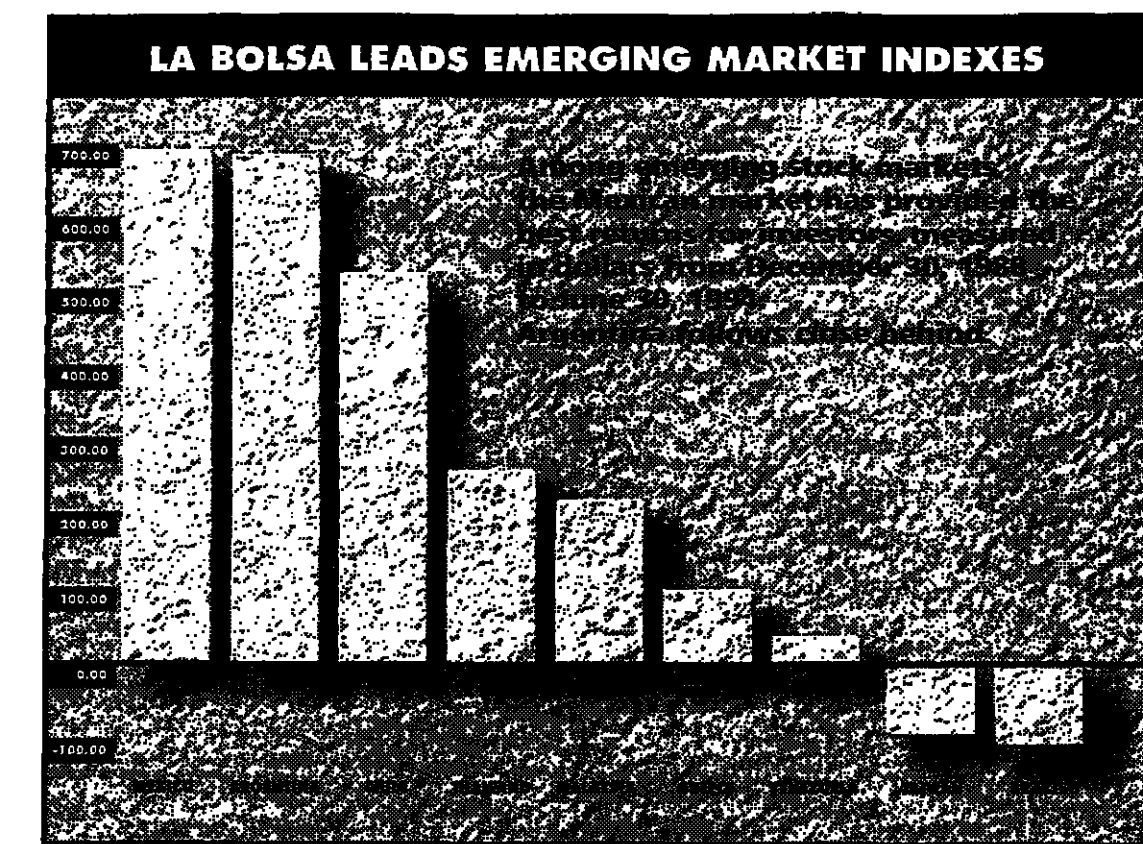
Open and very busy.

With foreign banks entering Mexico, a dark era comes to an end. In 1982, banks were nationalized in an attempt to reign in uncontrolled borrowing and restructure debt. Ten years later, with the debt crisis passed, Mexico privatized its banking industry. Now, the banking sector has been opened to foreign competition. In 1995 nearly 50 foreign banks, brokerage houses and insurance companies will be taking the giant step of establishing corporate offices in Mexico. Eighteen of these are newly authorized, including Citibank, Chemical Bank, American Express, Fuji Bank and Santander Bank, and are expected to have an important impact on Mexico's economy by pumping billions of dollars into Mexico's financial system and creating increased competition. —MI

Nacional Financiera: Thinking Small?

Nacional Financiera is a second tier bank, focusing on the development of small business.

Nacional Financiera, known as Nafinsa, is a 60 year-old government bank with a new lease on life. Originally conceived to finance large infrastructure projects, it now loans money to companies that range in size from 15 to 250 employees and from \$2 million to \$6 million in sales. "These companies," says Arturo Ortiz Hidalgo, Nafinsa's Director General, "constitute around 90% of all the enterprises in Mex-



ico. They are important because they create more jobs than large companies and act as suppliers to large exporters. The underlying goal is that these companies modernize and become more competitive."

Nafinsa is also helping to decentralize the Mexican economy by developing industrial sites in less developed states of Mexico, particularly in the southeast where there are a number of smaller enterprises. Another feature of Nafinsa is to promote the growth of Mexican enterprises with equity participation.

Accordingly, Nafinsa never has more than 25% equity ownership in a company, deciding

upfront when to disinvest. It attracts other capital, both domestic and foreign, by promoting projects through chambers of commerce, development banks and other appropriate outlets. Attracting foreign investment means finding companies that will bring not only capital, but additional elements like markets, managing capacities and technology.

Nafinsa's strength lies in how it channels loans through the commercial bank system. Local banks do the credit analyses and take the risk. Nafinsa, being in a better position to access capital, does the financing. As a government entity, it can obtain lower spreads, lower mar-

gins and longer tenures both outside Mexico and in the domestic market. "As a matter of fact," says Hidalgo, "we are the only institution in Mexico that is able to fund itself for the very long term—important

because another objective is to develop capital markets in Mexico. We issue new instruments in the domestic markets to attract new investors in the short, medium and long terms. The longer term is up to 20 years, which is very long for Mexican standards—a real achievement.

"We have also been helping to develop the intermediate market—the equivalent of NASDAQ in the U.S. There are now seven companies being quoted in that market. Nacional Financiera was the financial agent for six of them. Fifteen years ago, we provided liquidity to many of today's well-known shares by attracting investment. Now we're concentrating on the new segment."

Nafinsa's lending quota, the equivalent of \$20 billion, up from \$15 billion last year, will grow in the coming years. Its goal is to finance 161,000 companies. "But," says Hidalgo, "it's important to know that we are a self-sufficient enterprise. We don't receive a budget from the government. We obtain our financing from the markets and we have to maintain this capital and obtain a profit above inflation." —MI



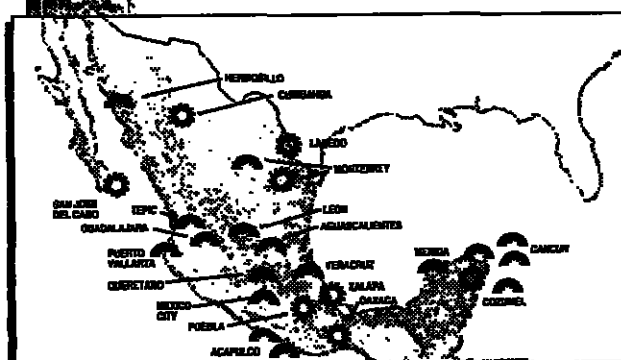
Arturo Ortiz Hidalgo,
Director General of Nafinsa

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MEXICO

COMMERCE AND INVESTMENT IN MEXICO

Basking in Foreign Capital

Mexico's tourism industry has always been good. But it's going to get hot.

Tourism is an important sector for Mexico. It employs roughly 2 million people—about 10% of the labor force, and it brought in a little over \$4 billion last year, making it a very important source for foreign exchange.

According to Jesus Silva Herzog, Mexico's Minister of Tourism, "this is relatively modest compared to the possibilities that tourism holds. I don't think any other sector within the Mexican economy has the capability of generating greater employment, which is one of the challenges we as an underdeveloped country are facing. And no other sector can generate foreign exchange earnings like the tourist industry in Mexico, not only from a quantitative point of view, but in a sustainable way. Right now, we are getting a few billion dollars of capital moving into Mexico, but in ten years time, those financial sources could move to another financial center, which is why tourism can become a much more dependable and sustainable source of foreign exchange earnings in Mexico." This overview is not overly optimistic. In the most important tourist countries in the world, tourism contributes around 3% to the gross national product. So, in the coming years, Herzog predicts that the tourism sector will substantially increase its contribution to the gross national product.

Given the precedents of the past, tourism will be a boon to regional development. Consider that 25 years ago Cancun was a village with 200 people; today it is a city with over 300,000 people. With a new foreign investment law, foreign capital is being invested in golf clubs, hotels, marinas and recreational facilities.

Grupo Posadas: High Standards, High Returns

As Mexico's tourism booms, Grupo Posadas leads the way.

Grupo Posadas is the largest Mexican corporation in the tourism industry. And with nearly 11,000 rooms under management, it is the largest hotel operator in Latin America. But Grupo Posadas is more than a hotel management company. Over three decades, it has been a project developer and an investor in Mexico's tourism industry, all within a tight operational structure. Grupo Posadas is a public company. Currently, it is the only Mexican hotel stock being traded. In fact, it is expected to outperform the market in 1994 and 1995.

The company's business strategy has been to maintain the highest standards through the use of state-of-the-art technology in its operations systems as well as its reservation system.

The business traveler or tourist will know Grupo Posadas through its hotel names, Fiesta Americana and the Fiesta Inn. Currently it operates 44 properties throughout Mexico, 8 properties in Texas and California and 8 hotels in Venezuela and Nicaragua.

-MI

Talking Up Trade

Trade in Mexico is moving fast. Dr. Herminio Blanco sees a continuation.

Since 1989, Mexico has received more than \$50 billion in direct foreign investment; one-fifth of the investment entered the country in the first nine months of 1994. During those same nine months, total U.S.-Mexico trade grew about 20% over 1993, on track to exceed \$50 billion for the year.

Today, as Ernesto Zedillo assumes the presidency, Mexico's trade prospects are brighter than ever, according to Dr. Herminio Blanco, who, as Mexico's chief negotiator for NAFTA, should know.

"Mexico is very, very successful in exporting and attracting foreign investment. Probably we would have grown faster if we had not had a difficult political year," says Dr. Blanco, undersecretary of international negotiation with the Mexican Commerce Ministry. "But \$8 billion in the first eight months is quite a success story."

"Mexico's success," said Dr. Blanco, "is largely attributable to the economic and political reforms that qualified the country to participate in NAFTA. Since NAFTA's enactment, the growth in U.S.-Mexico trade has been nothing short of 'amazing,'" said Dr. Blanco. Automobiles, auto parts and electric appliances have led the way, while the country's biggest imports from the U.S. have been automobiles as well as telecommunications equipment and consumer goods.

How does Mexico ensure this sector's growth? "We have to become a tourist destination with better quality and improved services and that calls for better education and training. We have to promote Mexico in a more efficient manner. We have to improve our infrastructure," says Herzog.

-MI

And, as the U.S. Congress balks on extending fast-track negotiation power to further expand trade, Mexico is fast becoming the principal gateway for trade to Latin American markets. The country already has a free trade agreement with Chile, and will soon be implementing pacts with Costa Rica, Colombia, Venezuela, Bolivia and other nations of the region, and is looking to build ties to Asia and Europe.

"Instead of getting more focused on the U.S., my forecast is that we will diversify. If world class Mexican companies have the quality to export to the U.S., then we have the quality to export anywhere," says Blanco. And, Mexico's proximity and lower transportation costs to North America and the rest of Latin America allow it to compete handily with the Far East.

Overseas businesses interested in Mexico can contact the Mexican Investment Board, which helps foreign business find partners and financing for projects in Mexico. Embassies and trade missions are other routes to market entry. Some U.S. states like California, Texas and Arizona, maintain offices in Mexico City that will assist businesses entering the Mexican market.

John Nagle is a freelance writer in Mexico City.

Casa Autrey: Know Thy Customer

After 102 years in the distribution business, Casa Autrey is a savvy link to the Mexican consumer.

Sergio Autrey is the president of Grupo Casa Autrey. "Among other businesses,"

he says, "Casa Autrey distributes to retail outlets in Mexico, both the big chains like Wal-Mart and Cifra and the thousands upon thousands of farmacias, or independent drug stores, that form the basis of pharmaceutical distribution in Mexico." This distribution knowledge is instrumental to U.S. brands that want their products on the shelves in Mexico. Blue chip American names like Lysol, Mars, Gillette and Kodak—all Autrey clients—show that there is a confidence in Autrey's penetration of the market.

But Sergio Autrey feels that distribution is only one part of the challenge. The real key, he says, is having a deep knowledge of the customer. Casa Autrey, he believes, has the



knowledge and uses added-value services like promotion and marketing, along with its widespread distribution, to make a difference to manufacturers. "It's not only the infrastructure. We bring brands to Mexican customers quickly and with an understanding of the customers' desires. We're always improving our merchandising of OTC and beauty products and general merchandise."

Casa Autrey also created a micro-revolution at 425 pharmacies by installing PC terminals. Now owners, who previously had no idea of up-to-the minute inventory, profits and merchandise sales, have this information at their fingertips.

-MI

COMMUNICATIONS & INFRASTRUCTURE SCORECARD

THERE HAVE BEEN MANY NOTABLE DEVELOPMENTS IN MEXICO'S COMMUNICATIONS AND INFRASTRUCTURE. HERE ARE JUST A FEW.

- Privatization of the Mexican telephone company, Telcel, in 1991
- 1993 privatization of Imvisión, to become Televisión Azteca, Mexico's second largest TV network
- Television now reaches 90% of the population
- The launch of two new satellites, Solidaridad I and Solidaridad II, added to the Mexican satellite system to improve telecommunications to the whole Latin American region. The only satellites in the world with three commercial bands, K, C and L.
- Over 500,000 cellular phones in use
- In 1995 the Mexican government will publish the rules for the opening of competition of local and long distance telephone service in Mexico. The most important telephone companies worldwide, such as AT&T, MCI, Sprint, GTE, Telefonos de España, Bell Canada, Cable and Wireless, are working now with Mexican companies like Panamex, Pancomer, Grupo Posadas, Telcel, Grupo Doms Internacional, USACEL and Grupo Casa Autrey to provide these services.
- In 1994 Grupo Doms Internacional signs the contractual agreement to buy ETEC, the Cuban telephone company, the biggest buyout by any Mexican company of a foreign communications product.
- Multivisión becomes the largest private company in the world offering wireless television service.
- \$13 billion received from government and private sector for road construction; 4,000 miles of road built since 1988.
- Air service operation increased 190% over the past six years, mainly domestic.
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Banamex's Strategy: Invest in the Mexican People

Roberto Hernandez heads the largest bank in Mexico, Banco Nacional de Mexico, S.A. (Banamex). The Mexico Investor editors met with Mr. Hernandez to talk about Banamex and about the future of Mexico.

With NAFTA and the elections do you think Mexico is feeling challenged?

Mexican people know that there is a need to compete and they are prepared to do so. The Mexican industrialists are doing very well against international competition. Mexico has come through several experiences that could have shaken the economy—we are

through them and we are very well prepared to compete.

What about foreign entry into the market?

We have foreign competition here. I would say that it is fine for foreign competition to be here. There are 101 niches we must fill in banking.

How does Banamex stand up to competition in Mexico?

Today Banamex has excellent products and services. It has the second largest network of telecommunications after Telmex. We have 9.5 million credit and debit cards and we can follow buying patterns of customers. But I would say that our greatest asset is the very good

people that work here.

We are investing in the Mexican people and I think that is a very good strategy. There's a huge unsatisfied demand among consumers for housing in Mexico. Recently we designed a low interest rate mortgage loan to accommodate our customers. But at this point, people don't necessarily have the money to pay out full rates every month. With our mortgage product the consumer gets the lowest monthly payment in the Mexican market. These loans represent about 11% of the bank's loan portfolio. We believe it will pay off as they are able to pay more in 20 years. Just like in the mortgage mar-

ket, in many areas we have been a pioneer.

What about investment banking?

Banamex has 48% of all the Mexican equity mutual funds under management.

What other irons does Banamex have in the fire?

We are forming some strategic alliances now. One with MCI. We're just finishing an insurance deal in Europe. We're forming a strategic alliance with BankOne and with GE Capital. We've got a lot of things going. —MI

Television Azteca: Turnaround City

Ricardo B. Salinas Pliego is a persistent man. He worked for four years to become the new owner of Television Azteca and to hear him tell it, it was worth the effort. Before last year, Television Azteca, like many other entities in Mexico, was government owned. And purchasing the company was like buying a fixer-upper. It needed new programming, new transmitters, operating systems, fewer employees and a budget. So why did Salinas pay \$640 million for this seemingly dilapidated package?

Location, location, location. By purchasing Television Azteca, Salinas actually purchased 192 broadcasting licenses. Compare that to NBC in the U.S., which own 12 stations and has 200-300 affiliates. "In our case," says Salinas, "the network is a totally different thing. All 192 stations are our own so the magnitude of the dealings is just enormous." Add to that the fact that there are only two national networks reaching 95% of the 90 million people in Mexico and you begin to see the appeal. Opportunities like this come around once every century or so.

Television continues to attract more and richer viewers in Mexico, according to Salinas. And viewers bring advertising, which is predicted to expand along with the growth of wages and income in Mexico.

Based on TV Azteca's forecast, there's lots more room for the growth of advertising. When the station was owned by the government, advertising revenues, which came mostly from the government, were about \$50 million, a negligible sum against high operating costs. This year, for the first time ever, the company posted a profit. Revenues more than covered expenses. And Salinas is projecting a further

revenue increase of about 16% over the next three years, raising revenues to about \$500 million in 1997. This growth will come from two places: the advertising market will expand and TV Azteca will continue to gain share as the new option for advertisers in the Mexican market.

Part of the reason for the growth potential is that Television Azteca is offering more variety in programming with an eye to attracting a mass audience. In fact, it has increased the ratings from 4% to 20%. The programming now includes strong news and entertainment coverage, the best sports coverage in Mexico and of course the country's beloved novelas, or soap operas. Television is strong in Mexico for another reason. It does not compete with newspapers, a big difference from the United States. The combined circulation of all newspapers in Mexico is less than 750,000 per day. That's why television has 67% of all advertising space.

And then there's interactive television, a game of chance Salinas calls Telegana. Consumers buy a little remote control costing about \$15 that hooks up to a telephone and modem. A game questionnaire comes up on the television screen and viewers answer questions to win free prizes—anything from T-shirts, to automobiles, to fully furnished homes. The remote control lets them play the game for a whole year. Salinas believes this will attract a huge audience in Mexico because people want to win something for free. Modems? Hook-ups? Well, telecommunications is moving very fast in Mexico and visionaries are in great demand.

—MI

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Eduardo Rangel, President and Director General, American Express Company in Mexico.

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"Regarding the tourism industry here in Mexico, we will continue to contribute to its development."

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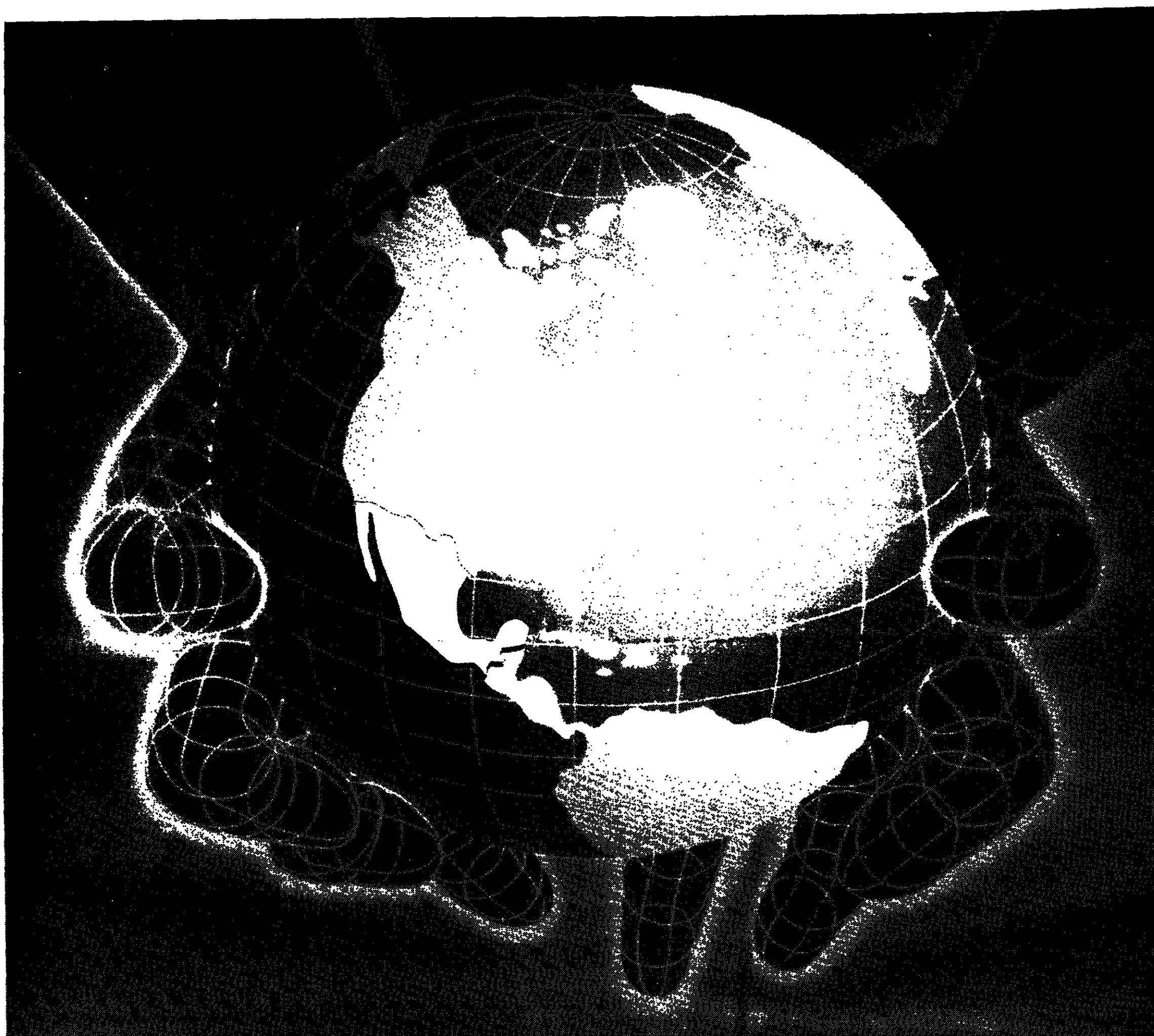
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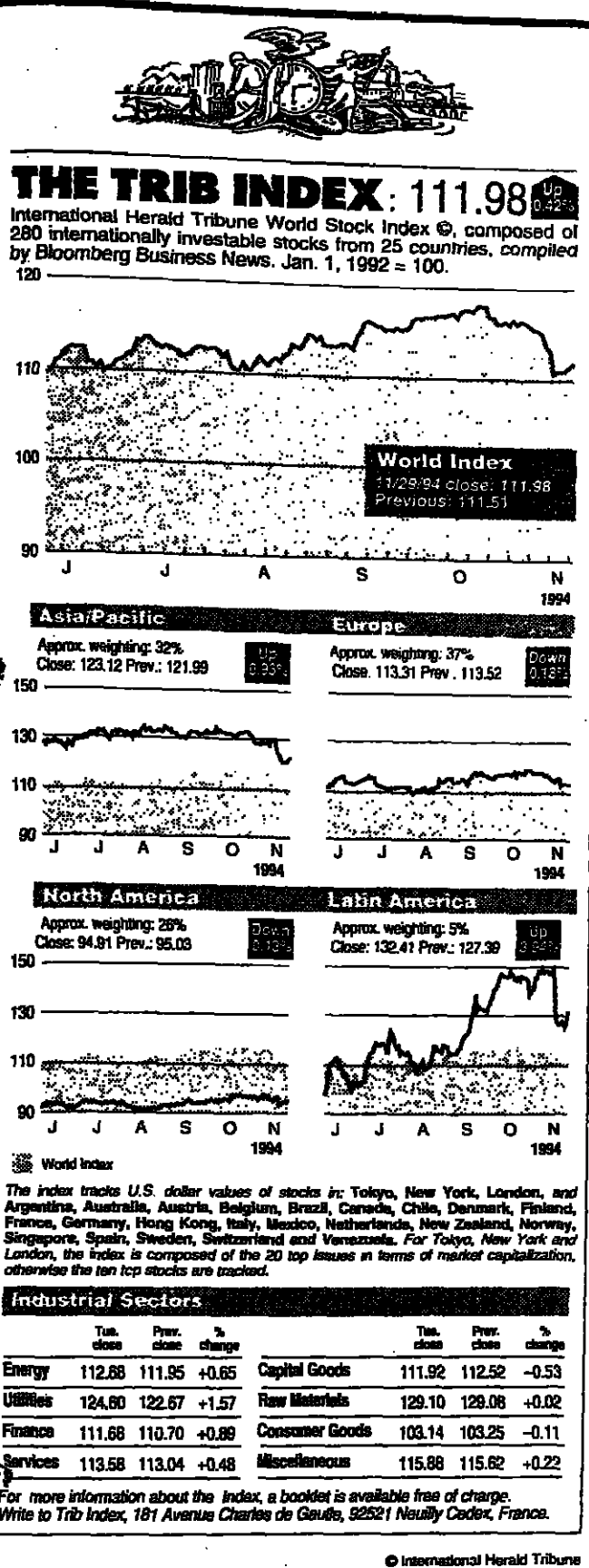


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Romagnolo To Weigh 'Friendly' New Offer

Complied by Our Staff From Dispatches
MILAN — Credit Italiano SpA said Tuesday it was close to agreeing with Credit Romagnolo SpA on terms of a new bid for Romagnolo that would preserve the identity of the Bologna-based bank.

Credito Italiano last month bid 2 trillion lire (\$1.3 billion) for a 48.2 percent stake in Romagnolo, having bought 2 percent on the open market. The bid was rejected by Romagnolo, but investment banks working for both sides have been trying to reach some sort of agreement since then.

Romagnolo shares were suspended Monday at 17,100 lire a share pending an announcement. Credit Italiano is offering 19,000 lire a share.

"We've taken note of Credit Italiano's more friendly proposal, and our management will evaluate it in a board meeting on Thursday," a Credit Italiano spokesman said.

Credito Italiano said it would recommend to Romagnolo's board that dividends distributed through 1997 not be less than 55 percent of the bank's profit.

The Milan-based bank, which was privatized a year ago, also said it would propose changes in Romagnolo's statutes that would require mergers to be approved by shareholders representing at least 80 percent of the bank's total capital.

Credito Italiano also promised that minority shareholders would be represented on Romagnolo's board.

In a defensive move after Credit Italiano's offer last month, Romagnolo announced plans to merge with a large Bologna savings bank, Cassa di Risparmio di Bologna. That merger still has to be reviewed by shareholders.

Terms of Italiano's new offer will be announced in the next few days, the bank said.

(Bloomberg, Knight-Ridder)

Britain's Budget Aimed at Helping Sustain Recovery

By Erik Ipsen
International Herald Tribune
LONDON — In a budget conspicuously short on surprises, Britain's chancellor of the Exchequer on Tuesday unveiled spending and revenue plans he said were designed "to keep the recovery on track."

In his speech before the House of Commons, Kenneth Clarke revised upward his forecast for economic growth to 4 percent this year, slowing to 3.25 percent next year. He also hailed the government's ability to keep underlying inflation, now running at 2 percent — its lowest level in 27 years — firmly under control.

Analysts credited the combination of better-than-expected economic growth and lower inflation with enabling Mr. Clarke to cut his forecast for government borrowings to £34.5 billion (\$54 billion) in the current fiscal year and to £21.5 billion for next year.

Corey Miller, equity strategist at S.G. Strauss Turnbull, said the projected drop in government borrowing provided "some gloss to an otherwise dull budget."

Mr. Clarke dismissed calls for politically popular tax cuts, insisting they would come only "when we can afford them." Analysts were quick to suggest that the chancellor was holding his political capital for use in his next budget. That budget and the one after it are widely expected to include substantial tax cuts before the general election that must be held by April 1997.

Gerard Lyons, chief economist for DKB International, compared the chancellor's performance Tuesday to that of a magician with a sense of timing. "The white rabbit will have to wait 'til next year to come out of the hat," he said. "It was very much a 'steady-as-she-goes, if-it-ain't-broke-don't-fix-it' kind of budget."

In place of sweeping visions of change, the chancellor focused on matters such as long-term unemployment.

In an attempt to spur job creation for those unemployed for

Iberia Workers Agree To Pay Cuts and Layoffs

By Barry James
International Herald Tribune
Workers at Iberia Air Lines of Spain accepted pay cuts and layoffs Tuesday in a labor deal that opened the way for a state bailout of the carrier and ended a one-day strike that had left 100,000 passengers stranded.

Despite the agreement, Europe's eighth biggest airline remained on the critical list. Government aid could still be rejected by the European Commission in Brussels, whose decision to allow a similar bailout of Air France has been challenged in court.

A cost-cutting deal with the Iberia unions was considered crucial to winning the approval of the European Commission for a government capital injection of up to 130 billion pesetas (\$1 billion).

Iberia workers accepted an average 8.5 percent pay cut and the loss of 3,500 jobs out of a workforce of 24,500. The agreement fell short of the 15 percent across-the-board pay cuts and 5,200 job losses Iberia's management proposed last week. But the management said in turn it had obtained productivity gains of 15 percent rather than the 9 percent it had sought originally.

The Iberia unions accepted pay cuts ranging from 3 percent for the lowest paid to 15 percent for the highest, including the pilots, who earn up to 20 million pesetas a year.

The crisis also laid bare the dilemma facing several European airlines that depend on government protection but remain inefficient because of lack of competition. The strike grounded 1,125 flights, including operations by other airlines that have no choice but to use Iberia's protected ground services. The stoppage cost Iberia itself an estimated 1 billion pesetas in revenue, airline sources said.

The Iberia agreement still has to be approved by the union representing nearly 1,200 pilots, which pulled out of the talks to conduct separate negotiations.

Iberia received a 120 billion peseta bailout from the state in 1992 that was supposed to have been the last such aid.

With debts estimated at more than 420 billion pesetas and reserves of 30 billion pesetas, the carrier faced bankruptcy within four months, its chairman, Javier Salas, said recently. The airline ranks 11th in the world in terms of loss — \$340 million in 1993 — and 17th in sales, according to Airline Business magazine. Mr. Salas warned that the airline must dramatically cut costs before the European Commission would approve a new bailout.

Like other struggling carriers in Europe, Iberia has argued that it needs fresh aid to prepare for deregulation of the European airline market in 1997.

The European Commission already has conceded "one-shot, last-time" state aid for Sabena of Belgium, Air France and Olympic Airways, but it imposed strict conditions.

As Iberia announced a settlement, the Greek government introduced legislation to save its national carrier, Olympic Airways, from insolvency. The European Commission in July approved plans for the government to inject \$45 billion drachmas (\$2.3 billion) to help restructure the state carrier.

British Airways, which is challenging the 20 billion French franc (\$3 billion) state bailout for Air France in the European Court, said it was watching the Iberia situation carefully.

"We are opposed to any subsidies, but if there has to be one, we would expect it to be accompanied by appropriate and meaningful restructuring," a spokesman said.

Although Mr. Salas had said it might be necessary to sell assets, a spokesman said there were no plans to get rid of Iberia's 85 percent stake in Aerolineas Argentinas and its investments in two other airlines, Ladeo of Chile and Viasa of Venezuela.

OECD Chief to Keep Job for 18 Months

Complied by Our Staff From Dispatches
PARIS — Ambassadors from the 25 members of the Organization for Economic Co-operation and Development voted to re-elect Jean-Claude Paye of France as secretary-general for 18 months and designated Donald Johnston of Canada to become his head from June 1996, diplomatic sources said Tuesday.

The decision, which would end 10 months of disagreement over the succession, was reached after 90 minutes of private discussions between ambassadors of the member states. Approval of a new OECD chief must be unanimous.

The ambassadors were set to meet in formal session late Tuesday night to ratify the decision.

The succession plan was negotiated last week between France and Canada. It forced the United States to abandon its campaign to replace Mr. Paye immediately as head of the group of the world's richest industrial countries.

Mr. Paye, a 59-year-old former French Foreign Ministry official, ended his tenure Sept. 30. The United States had sought to remove him from office immediately, replacing him with Mr. Johnston for a full five-year term.

When the deal to keep Mr. Paye on for an additional 18 months emerged Friday, diplomats from several member nations were upset.

A Japanese diplomat told the International Herald Tribune Friday that his government was against it in principle. He said it was "a very strange deal, and we are really wondering if this is the best way to revitalize the OECD."

The United States had argued that Mr. Paye needed to be replaced to reinvigorate the OECD. Critics of Mr. Paye's leadership have characterized the organization as slow-moving.

(AFP, AFX, Reuters)

Vehicle Exports By Japan Rise

Complied by Our Staff From Dispatches
TOKYO — Japan's vehicle exports in October grew 4 percent from a year earlier because of higher sales in Western Europe, the Japan Automobile Manufacturers Association said Tuesday.

It said exports of cars, trucks and buses totaled 364,439 units.

(Bloomberg, Reuters)

MEDIA MARKETS

ABC Agreement: Crossing a Line?

By Geraldine Fabrikant
New York Times Service
NEW YORK — The venture between Capital Cities/ABC Inc. and the powerful Hollywood team of David Geffen, Jeffrey Katzenberg and Steven Spielberg will be the television industry's first in which a broadcast network intends to share advertising income and other revenue with an outside producer.

By agreeing to share revenue, ABC "appears to have crossed a line that the networks have never crossed before," said David Londoner, a broadcasting analyst for the investment firm Wertheim Schroder & Company. The deal was announced Monday.

Indeed, an executive with another television production studio, speaking on condition of anonymity, said ABC had probably set a precedent that other networks might eventually have to follow.

"They open up a hornet's nest that could have huge ramifications," the executive said.

"Up until this point, the networks have told every single supplier they would never share in ad revenues. Now the producers who have leverage will flood the networks with demands for revenue sharing. The amounts of money a hit show makes are absolutely staggering."

The ABC agreement was driven by market forces bigger than the network's desire to sign up the creative talents of Hollywood's newest independent entertainment company, or by the incentive for Messrs. Geffen, Katzenberg and Spielberg to line up a distribution system for the programs they intend to create.

In large part, the deal was a response to a fundamental change in the economics of television.

Under a set of federal strictures known as the financial interest and syndication rules, the three main broadcast networks have been precluded from owning most of the prime-time series they broadcast.

Instead, they have acquired this programming by paying programmers the bulk of the production costs for network series in the form of license fees. The network recovers its investment through sales of advertising for the two times that a license usually entitles it to broadcast a program.

Under this system, the program's production typically does not recover its portion of the production costs — or make profits, if any — unless and until it sells the rerun, or syndication, rights to the series several years later.

But as of November 1995, the three largest U.S. networks — ABC, CBS and NBC — will no longer be bound by these rules. Instead, like the newer, smaller Fox network, they will be permitted to produce and own as much programming as they choose and to sell the rerun rights.

The impending change is forcing the networks and programmers alike to re-examine their strategies. The networks are already beginning to use in-house production companies and have been looking at ventures or mergers with television studios.

Two leading television producers — Time Warner Inc. and Paramount Communications Inc. — are scrambling to start their own broadcast networks in an effort to insure a distribution system for their programming.

In the joint venture announced Monday by ABC and the three Hollywood executives, each side is said to be committing up to \$100 million initially for production of programs, agreeing to add more if necessary during the life of the seven-year deal.

In an interview Monday, Robert Iger, president of Capital Cities/ABC, summed up the strategy: "We see that our suppliers are becoming distributors themselves. We felt it was imperative to protect the supply of programming."

Meanwhile, Messrs. Geffen, Katzenberg and Spielberg can share the expense and risk of starting a new television production studio.

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CURRENCY & INTEREST RATES

Nov. 29 Eurocurrency Deposits									
Currency	Per \$	Per £	Per ¥	Per Sfr	Per A\$	Per N\$	Per R\$	Per Rp	Per Rb
Amsterdam	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Bremen	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Frankfurt	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
London	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Madrid	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Milan	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
New York	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Paris	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Porto	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Tokyo	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Zurich	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
1 Euro	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
1 Swiss	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30

Nov. 29 Key Money Rates									
Currency	Per \$	Per £	Per ¥	Per Sfr	Per A\$	Per N\$	Per R\$	Per Rp	Per Rb
Amsterdam	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Bremen	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Frankfurt	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
London	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Madrid	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Milan	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
New York	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Paris	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Porto	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Tokyo	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30
Zurich	1.28	2.70	1.10	1.30	1.30	1.30	1.30	1.30	1.30

MARKET DIARY

Confidence Data
Send Stocks Down

Compiled by Our Staff From Dispatches
NEW YORK — Stocks slipped Tuesday after unexpectedly strong economic data raised concerns that inflation and interest rates would head higher.

The Conference Board said consumer confidence in the economy rose sharply in November to reach a four-year

high, with more households optimistic about jobs and income. The business research group's index rose to 101.3 from a revised 89.1 reading in October. The report offset optimism about holiday sales and fourth-quarter corporate earnings and focused attention on the chance that rising rates would keep investors away from stocks.

"That number was off the map," said Joseph DeMarco, managing director of equity trading at HSBC Asset Management. "No one even came close to predicting that."

The Dow Jones industrial average closed down just 1.01 points at 3,738.55. Losing issues paced advancing ones by a 3-to-2 ratio on the New York Stock Exchange.

The price of the benchmark

30-year Treasury bond fell 23/32 point, to 93 26/32, and the yield rose to 8.03 percent from 7.98 percent.

With another batch of economic data due this week, investors were nervous about buying. The government reports its first revision of third-quarter gross domestic product Wednesday, and employment data for November are due Friday.

RJR Nabisco was the most actively traded issue, losing 1/4 to 6 1/2 as investors continued to study the company's plan, announced over the weekend, to develop a smokeless cigarette.

Telefonos de Mexico's American depositary receipts gained 1/4 to 54 1/4 on optimism that Mexico's stock market would rally in December after President-elect Ernesto Zedillo took office.

OHM plunged 2 to 6 1/2 after Lehman Brothers dropped its research coverage of the environmental services company. MCI tumbled 1 1/2 to 19 after the long-distance phone company was lowered to a medium-term neutral from a buy by Merrill Lynch amid concern that its growth was slower than expected and that MCI was losing market share.

(Bloomberg, AP)

Dollar Gains Strength
On Fed's Credibility

Compiled by Our Staff From Dispatches
NEW YORK — The dollar rose against most other currencies Tuesday as investors were encouraged by its resiliency despite a drop in stock and bond prices.

Analysts and traders attributed the dollar's newfound in-

dependence from Treasury to the Federal Reserve Board's improved credibility after its successful intervention to support the dollar and its aggressive interest-rate rise this month.

Foreign Exchange

dependence from Treasury to the Federal Reserve Board's improved credibility after its successful intervention to support the dollar and its aggressive interest-rate rise this month.

"Since the Fed showed its strength, the dollar has broken away from Treasury," said Bill Bertha, a dealer at Mellon Bank.

The dollar ended at 1.5702 Deutsche marks, up from 1.5666 DM on Monday, and at 98.975 yen, up from 98.675 yen. The dollar also was traded at 5.3928 French francs, up from 5.3765 francs, and at 1.3295 Swiss francs, up from 1.3285.

The dollar's ability to hold

above 1.56 DM during an early dip encouraged some technical buying, dealers said. Early volatility was spurred by a sharp rise in the Conference Board's consumer confidence index for November.

Expectations that Congress would pass the Uruguay Round world trade deal negotiated under the General Agreement on Tariffs and Trade also shored up the dollar, analysts said.

U.S. ratification of the GATT deal also is expected to restore foreign confidence in the U.S. stock market, which in turn would support the dollar.

But the pound edged up against the dollar, to \$1.5625 from \$1.5620, after Britain's chancellor of the Exchequer unveiled his new budget.

Kenneth Clarke's spending plan for 1994-95 called for lower government borrowing requirements and counted on subdued inflation, which underpinned Britain's currency.

(AFX, Knight-Ridder)

The Dow

Daily closings of the Dow Jones Industrial average

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Dow Jones Averages

Open High Low Last Chg.

Index 3738.55 3745.50 3738.55 -1.01

Trans 125.10 125.10 125.10 125.10 -0.10

Comp 124.10 124.10 124.10 124.10 -0.10

Standard & Poor's Indexes

High Low Last Chg.

Industrials 451.20 451.20 451.20 451.20 -0.01

Technology 451.20 451.20 451.20 451.20 -0.01

Finance 451.20 451.20 451.20 451.20 -0.01

SP 500 451.20 451.20 451.20 451.20 -0.01

NYSE Indexes

High Low Last Chg.

Composite 3738.55 3745.50 3738.55 -1.01

Technology 3738.55 3745.50 3738.55 -1.01

Finance 3738.55 3745.50 3738.55 -1.01

NYSE Most Actives

RJR Nab 59.00 59.00 59.00 59.00 -0.10

AT&T 59.00 59.00 59.00 59.00 -0.10

Cheniere 59.00 59.00 59.00 59.00 -0.10

Telefonos 59.00 59.00 59.00 59.00 -0.10

OHM 59.00 59.00 59.00 59.00 -0.10

MCI 59.00 59.00 59.00 59.00 -0.10

NASDAQ Indexes

High Low Last Chg.

Composite 3738.55 3745.50 3738.55 -1.01

Technology 3738.55 3745.50 3738.55 -1.01

Finance 3738.55 3745.50 3738.55 -1.01

NASDAQ Most Actives

AT&T 59.00 59.00 59.00 59.00 -0.10

Cheniere 59.00 59.00 59.00 59.00 -0.10

Telefonos 59.00 59.00 59.00 59.00 -0.10

OHM 59.00 59.00 59.00 59.00 -0.10

MCI 59.00 59.00 59.00 59.00 -0.10

NASDAQ Diary

Advanced 1141 1141 1141 1141 -0.01

Declined 1141 1141 1141 1141 -0.01

Unchanged 1141 1141 1141 1141 -0.01

AMEX Stock Index

High Low Last Chg.

Composite 451.20 451.20 451.20 451.20 -0.01

Technology 451.20 451.20 451.20 451.20 -0.01

Finance 451.20 451.20 451.20 451.20 -0.01

AMEX Most Actives

AT&T 59.00 59.00 59.00 59.00 -0.10

Cheniere 59.00 59.00 59.00 59.00 -0.10

Telefonos 59.00 59.00 59.00 59.00 -0.10

OHM 59.00 59.00 59.00 59.00 -0.10

MCI 59.00 59.00 59.00 59.00 -0.10

NASDAQ Diary

Advanced 1141 1141 1141 1141 -0.01

Declined 1141 1141 1141 1141 -0.01

Unchanged 1141 1141 1141 1141 -0.01

AMEX Stock Index

High Low Last Chg.

Composite 451.20 451.20 451.20 451.20 -0.01

Technology 451.20 451.20 451.20 451.20 -0.01

Finance 451.20 451.20 451.20 451.20 -0.01

AMEX Most Actives

AT&T 59.00 59.00 59.00 59.00 -0.10

Cheniere 59.00 59.00 59.00 59.00 -0.10

Telefonos 59.00 59.00 59.00 59.00 -0.10

OHM 59.00 59.00 59.00 59.00 -0.10

MCI 59.00 59.00 59.00 59.00 -0.10

NASDAQ Diary

Advanced 1141 1141 1141 1141 -0.01

Declined 1141 1141 1141 1141 -0.01

Unchanged 1141 1141 1141 1141 -0.01

AMEX Stock Index

High Low Last Chg.

Composite 451.20 451.20 451.20 451.20 -0.01

Technology 451.20 451.20 451.20 451.20 -0.01

Finance 451.20 451.20 451.20 451.20 -0.01

AMEX Most Actives

AT&T 59.00 59.00 59.00 59.00 -0.10

Cheniere 59.00 59.00 59.00 59.00 -0.10

Telefonos 59.00 59.00 59.00 59.00 -0.10

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MCI 59.00 59.00 59.00 59.00 -0.10

NASDAQ Diary

Advanced 1141 1141 1141 1141 -0.01

Declined 1141 1141 1141 1141 -0.01

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AMEX Stock Index

High Low Last Chg.

Composite 451.20 451.20 451.20 451.20 -0.01

Technology 451.20 451.20 451.20 451.20 -0.01

Finance 451.20 451.20 451.20 451.20 -0.01

AMEX Most Actives

AT&T 59.00 59.00 59.00 59.00 -0.10

EUROPEAN FUTURES

Open High Low Last Chg.

Index 3738.55 3745.50 3738.55 -1.01

Trans 125.10 125.10 125.10 125.10 -0.10

Comp 124.10 124.10 124.10 124.10 -0.10

Standard & Poor's Indexes

High Low Last Chg.

Industrials 451.20 451.20 451.20 451.20 -0.01

Technology 451.20 451.20 451.20 451.20 -0.01

Finance 451.20 451.20 451.20 451.20 -0.01

SP 500 451.20 451.20 451.20 451.20 -0.01

NYSE Indexes

High Low Last Chg.

Composite 3738.55 3745.50 3738.55 -1.01

Technology 3738.55 3745.50 3738.55 -1.01

Finance 3738.55 3745.50 3738.55 -1.01

NYSE Most Actives

RJR Nab 59.00 59.00 59.00 59.00 -0.10

AT&T 59.00 59.00 59.00 59.00 -0.10

Cheniere 59.00 59.00 59.00 59.00 -0.10

Telefonos 59.00 59.00 59.00 59.00 -0.10

German Chemicals Show Strength **Program of Cost-Cutting Puts Companies in Lead**

By Ferdinand Protzman
New York Times Service

BERLIN — The strength of the German economic recovery has surprised almost everyone this year. So what stocks look especially good? Chemicals, the analysts said.

Like other cyclical industries that usually gain disproportionately in economic upturns, the German chemical sector has cheered analysts with rising sales and prices.

At the head of the list of companies expected to benefit the most are Germany's three biggest chemical concerns: Hoechst AG, Bayer AG and BASF AG. Supported by good economic growth in Germany and the United States—where all three have major subsidiaries—the Big Three are also expected to chalk up impressive profit gains because of the reorganizing they pushed through during the recession of 1992-93.

From Hoechst, the largest of the three chemical giants, to BASF, the smallest, the companies laid off thousands of em-

The Securities Board of the

U.K. Firms Must Pass on Higher Prices, Analysts Say

Bloomberg Business News

Shares of midsize companies such as Hickson International PLC, Courtaulds PLC and British Vita PLC have trailed German chemical company stocks this

These analysts added that lower costs, a steady European recovery and booming demand in America and Asia could only benefit even the poorest-performing British chemical makers.

"Companies like British Vita are the classic raw-materials price squeeze," said John Doree at Robert Fleming Securities in London. "Their volumes and profits are under pressure as they wait for consumers to pay more for products."

Chris Sherlock at UBS Ltd. said, "The consumer is very reluctant to pay up, while manufacturers of raw materials have been able to raise prices."

But how can pricing pressures benefit Britain's consumer-oriented chemical makers? The smaller British chemical companies must follow in the footsteps of the larger German ones and reduce costs to increase earnings per share and raise their dividends, analysts said.

Mercedes of South Africa To Make Mitsubishi Trucks

Compiled by Our Staff From Dispatches in South Africa are to be sold

JOHANNESBURG — Daimler-Benz AG and Mitsubishi Motors Corp. said Tuesday that Mitsubishi's Colt pickup trucks would be made in South Africa.

The president of Mercedes-Benz AG, Helmut Werner, announced the plan as he launched a joint venture in South Africa with Mitsubishi, which plans to produce 8,000 trucks annually for the local market, creating 130 jobs.

The accord calls for 8,000 Coits to be made each year at the Mercedes-Benz South Africa plant in East London, creating as many as 300 jobs, officials said. Production has already begun, and Coits made

- **France** said it would privatize the state-owned tobacco monopoly *Société Nationale d'Exploitation Industrielle des Tabacs & Allumettes*, or *SEITA*, by next year.
- **Carlsberg AS** said a drop in the value of its bond portfolio offset an increase in sales to drive its profit down nearly 10 percent, to 885 million Danish kroner (\$144 million), for its financial year.

Bloomberg, AFX, Reuters, AP

BP's Simon to Be Chairman

Compiled by Our Staff From Dispatches coveries in South America

LONDON — British Petroleum Co. said Tuesday its chief executive, David Simon, would become chairman after Lord Ashburton retires July 1, 1995.

Mr. Simon, now group chief

British Petroleum is Britain's biggest integrated oil company. Its main businesses are the exploration, refining, shipping and marketing of oil.

Since taking over from former chairman and chief executive, Robert Horton, in 1992, Mr. Simon has led BP through a number of financial difficulties that caused the company's dividend to be cut by 50 percent.

Investor's Europe

Frankfurt
DAX

London
FTSE 100 index

Paris
CAC 40

Exchange	Index	Tuesday, Close	Prev. Close	%
Amsterdam	AEX	408.74	408.41	+0.08
Brussels	Stock Index	7,289.16	7,256.23	+0.45
Frankfurt	DAX	2,044.26	2,058.45	-0.69
Frankfurt	FAZ	771.83	776.60	-0.60
Heidelberg	HEX	1,841.55	1,858.90	-0.93
London	Financial Times 30	2,347.40	2,334.80	+0.54
London	FTSE 100	3,861.10	3,847.40	+0.36
Madrid	General Index	300.79	308.60	-0.26
Milan	MBITEL	9,594.00	10,015	-4.21
Paris	CAC 40	1,989.97	1,952.28	+1.93
Stockholm	Affarsindexen	1,305.57	1,312.08	-0.54
Vienna	Stock Index	421.86	422.57	-0.17
Zurich	SBS	915.67	915.10	+0.06

Source: Reuters AFR

Very briefly:

- **Volvo AB** took a 5.5 percent stake in the joint venture between **Bayerische Motoren Werke AG** and **Rolls-Royce PLC** that will build the **BR715** jet engine.
 - **Anglo American Corp.**'s first-half net profit rose 17 percent, to 1.56 billion rand (\$440 million), helped by an increase in commodity demand worldwide.
 - **Cleanaway Holdings Ltd.**, a waste-management joint venture between **Brambles Industries Ltd.** of Australia and **GKN PLC** of Britain, said it would pay £125 million (\$195 million) for a division of **Atwoods PLC** if **Atwoods** could fend off a hostile takeover bid by **Browning-Ferris Industries Inc.**
 - **Volkswagen AG**'s worldwide sales rose 7 percent, to 2.76 million units, in the first 10 months of the year, led by U.S. sales.
 - **T&N PLC** will take a charge of £100 million against its 1994 earnings for asbestos-related claims in the United States.
 - France said it would privatize the state-owned tobacco monopoly **Société Nationale d'Exploitation Industrielle des Tabacs & Allumettes**, or **SEITA**, by next year.
 - **Carlsberg AS** said a drop in the value of its bond portfolio offset an increase in sales to drive its profit down nearly 10 percent, to 885 million Danish kroner (\$144 million), for its financial year.
- Bloomberg, AFX, Reuters, AP*

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Anglo (dedicated phone)	80	Czech Republic +/	0049-607-187	Japan (JOC) (English) +	0049-607-187	Philippines (Philcom only) *	010-01	U.S. Virgin Islands *	1-800-877-5000
Anglo (pay phone)	1-800-354-4643	Denmark	1-800-354-4643	Japan (Japcom) +	0049-1-0-087	Philippines (PSTN)	102-611	U.S.A. *	1-800-877-5000
Argentina	011-400-777-1111	Dominican Republic	1-800-751-7077	Korea	0800-12	Philippines (PSTN)	102-16	Ukraine	8-100-15
Australia	8-10-135	Ecuador	171	Korea (Datanet) +	0099-13	Pakistan	0091-800-115	United Arab Emirates +	800-131
Australia (Opus) +	004-5511-10	Egypt (Cairo) +	334-077	Korea (KIT) *	008-16	Paraguay	05017-1-677	United Kingdom (UK)	0800-89-0877
Australia (Telnet) +	1-800-481-877	Egypt (El Sahel) +	035-558-077	Laos	700-777	Peru (Rita)	1-800-877-8000	United Kingdom (Ministry)	0800-89-0877
Austria	1-800-520-014	El Salvador +	004-890-100-3	Lithuania	191	Portugal +	011-000-007	Uruguay +	000417
Bahamas	1-800-389-0111	Finland	000-91-0284	Luxembourg	004-1919	Russia (Moscow)	1-85-6133	Vietnam City +	172-187
Banladesh +	1-800-877-8000	France	099-19-0087	Mexico	0800-121	Russia (St. Petersburg) +	800-155-6133	Venezuela (English)	800-1111-0
Belgium +	0800-10014	Germany +	0125-0013	Mozambique	0800-0016	Saigon	225-0333	Venezuela (Spanish)	800-1111-1
Belize (Paytel)	84	Ghana	008-001-411	Nicaragua	95-800-877-8000	Saudi Arabia	1-235-0333		
Belize (Paytel)	84	Honduras	190-1346	Netherlands	19-0008	Saudi Arabia	172-1977		
Bermuda	1-800-423-0877	India	555	Netherlands	19-0008	Saudi Arabia	1800-15		
Bolivia	0800-3323	Indonesia	001-800-121-2000	Netherlands	19-0008	Singapore +	800-177-177		
Brazil	008-0016	Hong Kong	008-1877	Netherlands	19-0008	South Africa	9-800-99-0001		
British Virgin Is. +	00-800-877-8000	Hungary	001	Netherlands	19-0008	Spain	900-99-0013		
Bulgaria	00-800-1010	India	004-800-01-877	Netherlands	19-0008	St. Lucia	1-800-277-7468		
Canada	1-800-877-8000	Indonesia	009-203	Netherlands	19-0008	St. Lucia	187		
Cape Verde	00-9-8317	Indonesia	001-801-15	Netherlands	19-0008	St. Lucia	187		
Chile (English) +/	108-15	Indonesia	1-800-35-5001	Netherlands	19-0008	St. Lucia	187		
Chile (Klimaklim) +/	108-16	Israel	177-100-2737	Netherlands	19-0008	St. Lucia	187		
Colombia (English)	780-130-010	Italy	177-100-2737	Netherlands	19-0008	St. Lucia	187		
Colombia (Spanish)	780-130-110	Jamaica	1-800-877-8000	Netherlands	19-0008	St. Lucia	187		
Costa Rica +	143			Netherlands	19-0008	St. Lucia	187		
Croatia	96-300-4003			Netherlands	19-0008	St. Lucia	187		



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Tuesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High Low Stock	Div	Yld P/E	52 Wks High Low	Latest Close
A				
162 A&E			22 1/2	22 1/2
163 A&E			22 1/2	22 1/2
164 A&E			22 1/2	22 1/2
165 A&E			22 1/2	22 1/2
166 A&E			22 1/2	22 1/2
167 A&E			22 1/2	22 1/2
168 A&E			22 1/2	22 1/2
169 A&E			22 1/2	22 1/2
170 A&E			22 1/2	22 1/2
171 A&E			22 1/2	22 1/2
172 A&E			22 1/2	22 1/2
173 A&E			22 1/2	22 1/2
174 A&E			22 1/2	22 1/2
175 A&E			22 1/2	22 1/2
176 A&E			22 1/2	22 1/2
177 A&E			22 1/2	22 1/2
178 A&E			22 1/2	22 1/2
179 A&E			22 1/2	22 1/2
180 A&E			22 1/2	22 1/2
181 A&E			22 1/2	22 1/2
182 A&E			22 1/2	22 1/2
183 A&E			22 1/2	22 1/2
184 A&E			22 1/2	22 1/2
185 A&E			22 1/2	22 1/2
186 A&E			22 1/2	22 1/2
187 A&E			22 1/2	22 1/2
188 A&E			22 1/2	22 1/2
189 A&E			22 1/2	22 1/2
190 A&E			22 1/2	22 1/2
191 A&E			22 1/2	22 1/2
192 A&E			22 1/2	22 1/2
193 A&E			22 1/2	22 1/2
194 A&E			22 1/2	22 1/2
195 A&E			22 1/2	22 1/2
196 A&E			22 1/2	22 1/2
197 A&E			22 1/2	22 1/2
198 A&E			22 1/2	22 1/2
199 A&E			22 1/2	22 1/2
200 A&E			22 1/2	22 1/2
201 A&E			22 1/2	22 1/2
202 A&E			22 1/2	22 1/2
203 A&E			22 1/2	22 1/2
204 A&E			22 1/2	22 1/2
205 A&E			22 1/2	22 1/2
206 A&E			22 1/2	22 1/2
207 A&E			22 1/2	22 1/2
208 A&E			22 1/2	22 1/2
209 A&E			22 1/2	22 1/2
210 A&E			22 1/2	22 1/2
211 A&E			22 1/2	22 1/2
212 A&E			22 1/2	22 1/2
213 A&E			22 1/2	22 1/2
214 A&E			22 1/2	22 1/2
215 A&E			22 1/2	22 1/2
216 A&E			22 1/2	22 1/2
217 A&E			22 1/2	22 1/2
218 A&E			22 1/2	22 1/2
219 A&E			22 1/2	22 1/2
220 A&E			22 1/2	22 1/2
221 A&E			22 1/2	22 1/2
222 A&E			22 1/2	22 1/2
223 A&E			22 1/2	22 1/2
224 A&E			22 1/2	22 1/2
225 A&E			22 1/2	22 1/2
226 A&E			22 1/2	22 1/2
227 A&E			22 1/2	22 1/2
228 A&E			22 1/2	22 1/2
229 A&E			22 1/2	22 1/2
230 A&E			22 1/2	22 1/2
231 A&E			22 1/2	22 1/2
232 A&E			22 1/2	22 1/2
233 A&E			22 1/2	22 1/2
234 A&E			22 1/2	22 1/2
235 A&E			22 1/2	22 1/2

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Station	Lat	Long	Alt	Temp	Wind	Clouds	Pressure	Humidity	Visibility	Remarks
1	10 10	10 10	10	10	10	10	10	10	10	10
2	10 10	10 10	10	10	10	10	10	10	10	10
3	10 10	10 10	10	10	10	10	10	10	10	10
4	10 10	10 10	10	10	10	10	10	10	10	10
5	10 10	10 10	10	10	10	10	10	10	10	10
6	10 10	10 10	10	10	10	10	10	10	10	10
7	10 10	10 10	10	10	10	10	10	10	10	10
8	10 10	10 10	10	10	10	10	10	10	10	10
9	10 10	10 10	10	10	10	10	10	10	10	10
10	10 10	10 10	10	10	10	10	10	10	10	10
11	10 10	10 10	10	10	10	10	10	10	10	10
12	10 10	10 10	10	10	10	10	10	10	10	10
13	10 10	10 10	10	10	10	10	10	10	10	10
14	10 10	10 10	10	10	10	10	10	10	10	10
15	10 10	10 10	10	10	10	10	10	10	10	10
16	10 10	10 10	10	10	10	10	10	10	10	10
17	10 10	10 10	10	10	10	10	10	10	10	10
18	10 10	10 10	10	10	10	10	10	10	10	10
19	10 10	10 10	10	10	10	10	10	10	10	10
20	10 10	10 10	10	10	10	10	10	10	10	10
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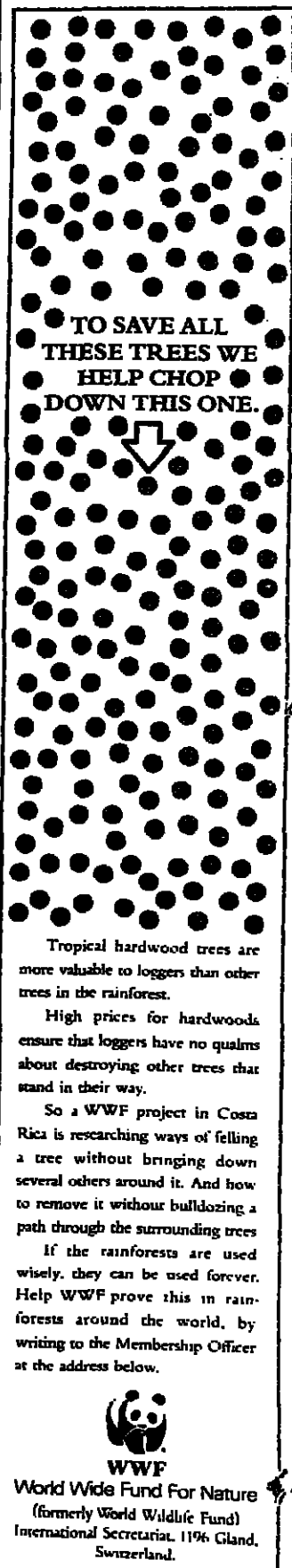
[illegible]The NBC Super Channel logo, featuring the NBC peacock logo above the text "NBC SUPER CHANNEL".

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AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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Beijing Banker Asks Public to Aid Fight on Inflation

BEIJING — The deputy governor of China's central bank appealed Tuesday for help against inflation fueled by excess money supply, soaring wages and a construction boom.

In an article in the People's Daily, Dai Xianglong of the People's Bank of China sought public and corporate support for the fight against inflation by underlining the seriousness of the problem.

In October, consumer prices in China's 35 major cities were 27 percent higher than a year earlier. The steepest increase, 38.2 percent, was posted in Chongqing in the central province of Sichuan.

One chief cause of inflation was too much money, Mr. Dai said. Figures for M1 — which includes cash in circulation and certain kinds of deposits — showed an annual rise of 32 percent over the first nine months of the year, compared with a target of 20 percent to 25 percent.

Mr. Dai attributed this to intense activity in the financial

sector that was beyond the control of official banks.

He appealed to companies to obtain advance approval for projects so that proper funding could go to state-owned companies to help them restructure, restrain excess workers or declare bankruptcy if necessary.

Another factor pumping up money supply was the flood of foreign capital into China, giving companies an alternative source of funding, he said. Direct foreign investment in the first eight months was \$20.5 billion, up 55 percent from a year earlier.

The torrent of money helped push up capital construction in the first 10 months by 40 percent from a year earlier, wages at state companies by 41 percent and "management costs" in government departments by 37 percent, Mr. Dai said.

Separately, the State Administration for Commerce and Industry said the number of private companies in China had risen 58 percent to 374,700 in the first nine months of 1994, according to the China Daily.

France Seeks a Voice in Asia

HO CHI MINH CITY — French speakers, long proud of their language's traditions in culture and diplomacy, are now seeking a share of the dynamic Asian business world that is increasingly dominated by English.

For historical reasons, francophones have chosen Indochina, especially Vietnam, as a springboard for their economic ambitions. To this end, the first Franco-Asian business forum was held here last week. In three years, Hanoi will host a summit of francophone nations.

Proposals include a francophone trademark, a charter for francophone businesses that favors French in recruitment, training, contracts and publicity, and an agency for the promotion of francophone economics.

The campaign would be aimed particu-

larly at the growing use of English in Vietnam, where, according to a Hanoi university student, "English is a vector of modernity and a way to trade with Asia."

English is also useful in finding work here. France is the only French-speaking country among Vietnam's 10 largest trading partners. France's share of the Southeast Asian market remains modest at 2 percent, half of Germany's share. In Vietnam itself, France's share is 8 percent.

But the choice of Vietnam as a "bridgehead for French-speakers in Southeast Asia," in the words of Foreign Minister Alain Juppé of France, is a long-term wager.

Vietnam is one of the poorest countries in the world, with an annual income per person of less than \$200. It is also afflicted with a bureaucracy that dis-

courages foreign investment despite recent efforts by the government.

If French-speakers want to improve their image in the region, they will also have to open northeastern Asia — especially South Korea and Taiwan — to French businesses, said Christian Lechervy, a strategic specialist. It is there that growth will be strongest during the coming years, he said.

But if French has its handicaps, it also has its advantages. The French language is "a supplement, a plus" to the omnipresence of English, Mr. Juppé said.

In addition, French concepts of centralized and written laws, which differ from the more liberal common law-based British system, may be more appealing to some Asian developing countries. France, too, is hoping that French will be a "window" for Asia to the European Union's market.

Debate Blocks Action on Chinese Securities Law

SHANGHAI — More than two years after lawyers started work on a national securities law, debate is still preventing such legislation from being implemented, a professor working on the issue was quoted as saying Tuesday.

Chao Fengqi, a professor of

law at Beijing University, said some government authorities even questioned whether such a law was needed.

China's stock markets now are governed by provisional regulations in Shanghai and Shenzhen, home to the country's two markets. The securi-

ties industry is also subject to certain national laws.

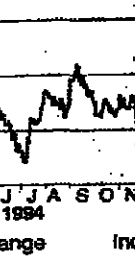
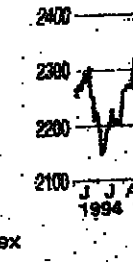
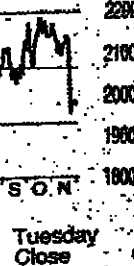
But current legislation contains gaping holes in areas such as insider-trading and corporate disclosure that have alarmed investors and contributed to a "Wild West" image for securities trading in China.

Mr. Chao's comments, re-

ported by the Shanghai Securities News, offered the clearest insight so far into the seriousness of arguments stalling the legislation.

"Concerned departments think that the drafts are as imperfect as the stock markets," Mr. Chao said.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
				
J J A S O N 1994	J J A S O N 1994	J J A S O N 1994		
Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	8,656.26	8,652.37	-0.05
Singapore	Straits Times	2,232.80	2,237.97	-0.23
Sydney	All Ordinaries	1,891.50	1,911.50	-1.06
Tokyo	Nikkei 225	18,926.49	18,811.36	+0.61
Kuala Lumpur	Composite	1,003.69	1,011.52	-0.77
Bangkok	SET	1,353.34	1,342.13	+0.84
Seoul	Composite Stock	1,081.26	1,069.48	+1.10
Taipei	Weighted Price	6,388.10	6,394.20	-0.06
Manila	PSE	2,691.19	2,678.99	+0.46
Jakarta	Stock Index	485.42	486.84	-0.29
New Zealand	NZSE-40	2,004.65	2,006.81	-0.11
Bombay	National Index	1,955.38	1,957.20	-0.09

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- The Hong Kong Stock Exchange's Hang Seng index will not be affected by the removal Wednesday of five companies from the Jardine Matheson group and two other companies, analysts said.
- Thai Airways International Ltd. said an increase in passengers helped it post a net profit of \$124.6 million in its latest financial year. The company said revenue rose 206 percent.
- Microsoft Co., the Japanese unit of the U.S. software company, is cooperating with Japan's biggest electronics makers to develop special Windows software for financial services.
- South Korea will raise its 10 percent limit on foreign ownership of companies to 12 percent, effective Thursday. Analysts said stocks could get a short-term boost from the measure.
- Shanghai's futures markets reported a surge in volume in the first 10 months of the year to 1.3 trillion yuan (\$153 billion), more than double the total for the whole of 1993.
- China plans to develop a production capacity of 800,000 facsimile machines a year to cut its dependence on Japanese imports. Chinese demand for fax machines is growing 80 percent a year.
- The Guangzhou-Shenzhen superhighway in China has been generating 20 percent less revenue than expected because only half its exits have been opened, the highway's manager said.
- McDonald's Corp. said it wanted an urgent meeting with Chinese authorities to discuss an eviction order against its restaurant in central Beijing.

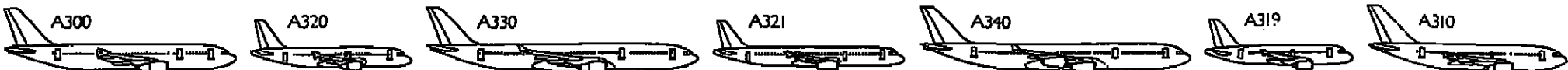
AFP, AFX, AP, Bloomberg, Reuters

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Jobless Rate Stays At 3.0% in Japan

Compiled by Our Staff From Dispatches

TOKYO — Japan's unemployment rate stayed high in October, and officials said Tuesday there was no immediate sign of a turnaround.

The seasonally adjusted jobless rate stood at 3.0 percent for the fourth month in a row, the Management and Coordination Agency said, just below its record of 3.1 percent in May 1987.

Before being rounded off to 3.0 percent for official statistical purposes, the actual rate crept up to 3.03 percent from 2.98 percent in September.

The number of people listed as unemployed in October fell to 1.99 million from 2.01 million in September as the active labor pool shrank but was still far above the October 1993 level of 1.76 million.

"The unemployment situation is not improving in line with overall economic recovery as it did in the past," an agency official said.

The jobs-to-applicants ratio in October was unchanged from the previous month at 64, meaning there were 64 job offers for every 100 applicants, the Labor Ministry said.

A ministry official commented: "Firms are not replacing the labor they cut for restructuring, even though the economy has started picking up. Jobs will increase only when firms launch new projects."

Although the Japanese economy has shown signs of recovery, economists say labor con-

ditions will remain unfavorable for some time, as company managers will not start hiring until they are convinced a recovery is under way.

A report released by Bank of Tokyo Ltd. on Tuesday predicted the Japanese economy would grow 2.2 percent in the year beginning in March 1995.

Separately, the Ministry of International Trade and Industry said prices paid by manufacturers in Japan for raw materials, parts and fuel averaged 14 percent higher than those in the United States, while the cost of services including telecommunications, leasing and transportation averaged 63 percent higher.

(Bloomberg, Reuters)

NEC Chip Project To Get \$1 Billion

Compiled by Our Staff From Dispatches

TOKYO — NEC Corp. said Tuesday it would invest \$1 billion on a production line for a new generation of memory chips by 1997.

The 256-megabit chips will have 16 times the capacity of the largest memory chips currently on the market, which hold 16 megabits, or about 16 million units, of computer data.

NEC said the new line would be built at the company's semiconductor plant in Kyushu in southern Japan.

(AP, AFP)

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NOTICE TO SHAREHOLDERS
Payment of Interim Dividend

(against coupons marked IFINT, the former name of the company)

A net Interim Dividend of US\$ 0.80 per ordinary share and US\$ 0.90 per preferred share will be paid for the current fiscal year.

Such dividend will be payable, at the offices of the paying agents listed below, subject to the laws and regulations applicable in each country, starting December 7th, 1994, against surrender of coupon no. 34 IFINT of the ordinary share certificates and coupon no. 13 IFINT of the preferred share certificates.

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- in Luxembourg: Banque Internationale à Luxembourg;
- in Italy: all the leading banks;
- in Switzerland: Crédit Suisse, Banca Commerciale Italiana;
- in France: Lazard Frères & Co.;
- in the Federal Republic of Germany: Commerzbank;
- in Great Britain: S.G. Warburg & Co., Lazard Brothers & Co.;
- in the Netherlands: Amsterdam-Rotterdam Bank;
- in Belgium: Banque Bruxelles Lambert.

The Principal Paying Agent
Banque Internationale à Luxembourg
Société Anonyme

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Nov. 29, 1994

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The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (f) - fortnightly (every two weeks); (r) - regularly; (t) - twice weekly; (m) - monthly.

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1. *Journal of the American Medical Association*, 1990; 263: 1025-1026.

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SPORTS

Yugoslav Ban Ended, Europe Awaits Return of a Basketball Power

By Ian Thomsen
International Herald Tribune

LONDON — Its two-year ban lifted, Yugoslavia is likely to return to international basketball next spring against none other than Bosnia-Herzegovina. Organizers are bracing for the possibility that both the Yugoslavs and the Bosnian Muslims will go on to confront Croatia at the European Championship finals in June in Athens, just 200 miles from the war-torn Balkans.

"We will have to make sure in Athens that all of the necessary security measures are in place," said a spokesman for FIBA, the international basketball federation.

It voted last weekend to reinstate Yugoslavia, at the urging of the International Olympic Committee. FIBA had grudgingly banned Yugo-

slavia in accordance with United Nations sanctions, which were partially lifted Oct. 5.

But Yugoslavia would be banned again should the UN decide to reimpose sanctions. The Yugoslav women's team is also free to qualify for the European Championships next summer in the Czech Republic.

The 19 members of FIBA's European board voted unanimously to reinstate Yugoslavia even though the team is likely to seize one of Europe's four slots for the 1996 Olympics.

"The whole Olympic movement believes that all young people have the right to make sport and international sport against the influence of politics," the FIBA general secretary, Boris Stankovic, said from Munich. "For practical reasons, it also makes sense because Yugo-

slavia could have an excellent team and their presence could raise the level of the competition."

The decision will have great impact in the former Yugoslavia, where basketball is immensely popular. Unfortunately for those who wish to bar politics from sport, the strengths of the three teams bear reference to their countries' graver battles.

Bosnia was good enough to reach the final eight in Europe last year, but it probably cannot match the strength of either neighbor. Croatia and Yugoslavia will be favored — along with Russia and Lithuania — to decide the championship.

The Yugoslavs must qualify first or second from a six-team, round-robin tournament created essentially for them. Their opponents — the five runners-up from the normal

qualifying session — will be Belgium, Bosnia, Bulgaria, Estonia and Turkey. The tournament will be held even if Yugoslavia is banned. Croatia, as well as neighboring Slovenia, have already qualified for the European finals.

"We will play normally," the secretary general of the Yugoslav federation, Radoslav Petrovic, said of the likely games against other Balkan states. "It will not be a problem."

The director of the Bosnian national team welcomed the match against its war enemy.

"I am sure it will be only a sports match," said Mersad Djonlagic, an editor of the international Bosnian newspaper Nova Bosna in Frankfurt. "It would be a great occasion for our players to play against Yugoslavia. They are a very good team

with very good and very well-known players. For that reason I am sure it would be great for our players to win against Yugoslavia."

Surely the Bosnians will want to win that match more than any other. "Maybe," he said. "But we have interest in playing only for sports reasons. We would like to be in the position that we have won this game."

Djonlagic said he had met with Yugoslav administrators at a FIBA clinic last month at Cyprus.

"This is a very sensitive question now in this moment," he said, referring to the assault by Bosnian Serbs on the Muslim enclave of Bihać. He could not guarantee that Bosnia would not boycott the tournament.

"I think that the players will never, never make any problems," said Stankovic, a Yugoslav who was born

in Bihać but grew up in Belgrade. "Playing on a neutral court, I am optimistic. That would not be the case if they were playing in Belgrade or another home city, but on a neutral court I think there will not be a problem."

Before the Balkan war, Yugoslavia was the new power in European basketball. Stankovic, of FIBA, notes that a unified Yugoslav team could have challenged the American "Dream Teams" at the 1992 Olympics and the World Championships last summer.

The best Yugoslavs and Croats are stars in the National Basketball Association or with foreign clubs in Europe. Every member of the Bosnian national team plays abroad, in Croatia, Germany, Italy, Spain or Turkey.

Foreign observers confirm that the Yugoslav league has not lapsed during the two years of UN sanctions. Yugoslavia claims that the 32-team first division continues to draw 1,700 spectators per game.

The players are younger, with the best young players tied home by long-term contracts. The elite players and coaches emigrated to foreign clubs at the beginning of the war, while all other senior players are required to enter the army for one year. The main problem has been heating the arenas for practice twice a day.

"We are without oil, without gasoline, so the gym is not comfortable for training," Petrovic said. "O.K., our philosophy is very simple. Whether it is 20 degrees or 10 degrees, we must be first."

IAAF to Require Waiver on Drugs

The Associated Press

BARCELONA — Track and field athletes will be required to sign a waiver agreeing to resolve all doping disputes within the sport's guidelines before going to court, world track's governing body decided on Tuesday.

The decision by the International Amateur Athletic Federation is designed to discourage athletes from challenging its drug-related rulings in court.

In a move designed to speed up disciplinary action for those who flunk drug tests, the IAAF's council voted to dispense with the mandatory testing of an athlete's "B" sample if the "A" sample has been tested positive.

The pledge to abide by internal appeals procedures will be included on a form the athletes sign when they submit to a drug test, and is intended to make court action a means of last resort for athletes.

"The form stipulates that the athlete agrees that all disputes arising from doping control will

be resolved in accordance with IAAF arbitration rules," said an IAAF spokesman, Christopher Winner. "That essentially means before an athlete goes to the courts he or she is obliged to go through our system first."

Under IAAF rules, athletes who test positive are entitled to a hearing. Those who wish to take the matter further can request that the case be heard before an independent arbitration panel.

Winner said the council's ruling would have no effect on an athlete's civil rights.

"We're merely asking them to follow the process we have," Winner said. "There is no violation or infringement on their civil liberties."

The IAAF wants to avoid being involved in costly legal battles, such as the one waged against the federation by the American sprinter, Butch Reynolds. Reynolds sued the IAAF over a disputed positive drug test and won a \$27 million settlement, which was later overturned.

SIDELINES

Lendl, Hurt, to Miss Australian Open

MELBOURNE (AP) — The two-time champion Ivan Lendl will miss the Australian Open tennis championships for their first time in eight years because of a back injury, tournament officials said Tuesday.

Lendl, 34, won the tournament in 1989 and 1990 and was beaten as a finalist in 1983 and 1981. The former No. 1 player's world ranking has dipped to 54th this year.

The Australian Open is to be played Jan. 16-29.

Aide to Be Colorado Football Coach

BOULDER, Colorado (AP) — Rick Neuheisel, an assistant football coach at the University of Colorado, was hired Monday night as the school's head coach, replacing Bill McCartney.

Neuheisel, 33, has been the team's quarterbacks and receivers coach under McCartney, 54, who resigned Nov. 19, saying he wanted to spend more time with his family. McCartney will make his last coaching appearance Jan. 2 when Colorado faces Notre Dame in the Fiesta Bowl.

For the Record

Men's World Cup giant slalom and slalom races will be held this weekend in Tignes, France, to make up for those called off Saturday and Sunday in Sestriere, Italy, the international ski federation announced Tuesday. (AP)

Prince vs. Pauper in the Continental Clash of Champions

International Herald Tribune

LONDON — A journey that began in an Argentine railroad tunnel in 1910 reaches the end of the line in Tokyo on Thursday.

Velez Sarsfield, from the poor side of the tracks in a Buenos Aires suburb, is one stop away from being the world club champion of 1994. Its opponent in Tokyo's National Olympic Stadium is AC Milan, the aristocrat among soccer teams.

We would be well advised to seek romance in the journey rather than the final coming together.

Milan, owned by Italy's prime minister, Silvio Berlusconi, is struggling to find form and goals. Velez Sarsfield has reached this game by squeezing opponents until they succumb on penalty shoot-outs.

I suspect the global audience knows as much as it needs to know about a Milan team burdened by expectation, crying loudly about injuries, wearied by the constant flights to pick up more trophies and accolades.

To Velez Sarsfield, all of this is new. Never before has it played to a television audience in 60 countries, nor has anyone previously offered it \$300,000 just to turn up.

Given Japan's affection for the underdog, many among the 60,000 spectators are likely to be hollering for the Argentinians on Thursday night. So, for sure, will millions of South American viewers who must rise at dawn to catch the kickoff. And Europe, presumably, will be split over a contest that starts off at mid-morning local time.

Begging Italy's pardon, the Milanese weekly tale of groin strains among the stars hired from around the world is small potatoes compared to the Velez Sarsfield story.

From the start, 85 years ago, it was a question of cutting the cloth according to the means.

When the club struggled to find a name, its railroad worker pioneers named it for the station beneath which they had sought shelter from a storm.

When they chose the color of their shirts, it had to be white — the cheapest material around. A blue V was added in 1933 when a tailor offered a cheap deal on rugby shirts.

For years the team trod rented fields and wallowed in debts. Then, in 1940, came a benefactor, a visionary whose name, José Amalfitani, is still enshrined in the 50,000 capacity stadium he built. Now, 30 sports are sponsored by Velez Sarsfield.

Amalfitani, who remained president until his death in



Soccer fans converging on AC Milan's Daniele Massaro on Tuesday in Tokyo, where the European club champion will face the South American champion, Velez Sarsfield of Argentina, on Thursday in the Intercontinental Cup.

1969, insisted that a club without real roots was worthless.

He erected his stadium in the Liniers district of Buenos Aires where it was conceived, diverting a river into an underground stream to do so.

The journey has been upstream ever since. On Thursday, certainly beyond Amalfitani's wildest dreams, but led by a coach whom the old man knew as a childhood goalkeeper, Velez Sarsfield reaches the highest ground in club soccer.

Carlos Bianchi, the child, played for Velez Sarsfield in two spells with 206 goals.

He went off to France to make his fortune, then returned, and now, with his shock of gray hair, he resembles a professor. He plots the downfall of wealthier teams,

and does not mind how pragmatic the victories may be.

"That was the first and only time we have played ruthlessly and defensively like this," he said after Velez Sarsfield bludgeoned the ball out of the ground to hold São Paulo, last season's world champion, to 1-1 over two legs and then extinguished the Brazilians on penalty kicks.

THE only time? Come. Carlos, Velez Sarsfield played 14 games to capture the Copa Libertadores, the South American cup. It scored just 14 goals, conceded 12, and knocked out both the Colombian champion, Junior Barrquilla, and Defensor of Uruguay by the shoot-out trial of nerves.

The nerve in question belongs to José Luis Chilavert, a

goalkeeper made for drama. Chilavert, a Paraguayan, is one of only two foreigners among the 27 players of Velez Sarsfield.

Otherwise, the pride and the bonding in the team is that of performers, like Coach Bianchi himself, are drawn from the streets of the club's Buenos Aires district.

Chilavert is different. Estranged from his native country, where his aggressive mouth and his singular nature became too much after 35 international appearances, he now will be relishing the prospect of winning the car awarded to the most valuable player in the game Thursday.

Chilavert would join the winners of the past — Zico, Platini, Rijkaard, Rai, Cerezo. Of course most of them scored

goals, but so does Chilavert. In three years he has kicked 28 successful penalties. He has saved a good number, too, acting the clown to exploit the nervousness of opposing players during the dreaded shoot-out.

"I abuse them," he shrugs. "They abuse me. It's part of the game."

NOT SO usual is the goalkeeper rushing up field to knock his team captain, Roberto Trotta, aside so that he can score the winning goal from a 25-meter free-kick, as Chilavert did in a recent league game.

A former striker, he believes in the power of his left foot. A member of the exclusive club of zany Latin goalkeepers, he refuses to consider that he has equals.

"I am not the same as René Higuita or Jorge Campos," he says, referring to the Colombian and Mexican keepers. "They can't shoot like I do, and I don't take as many risks as they do."

We should not doubt that Chilavert is preparing to go the distance and then, magnanimously, to thank the supporting cast for their stubbornness, their morale, their relative anonymity on his big night.

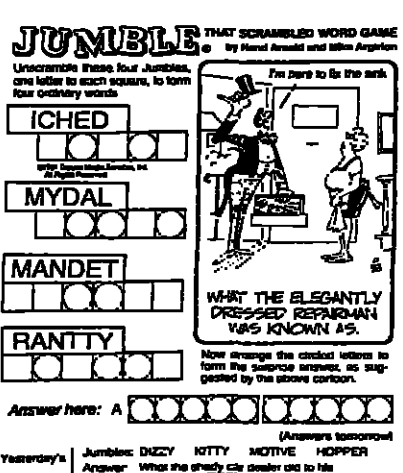
The likeliest candidates to steal his thunder are Esteban Flores, whose lightning strikes scored four times in the Copa Libertadores, or Omar Asad, built like a middleweight boxer and a scorer six times in the competition.

Asad, 22, was born and reared in Buenos Aires, but acknowledges that he might be the only player of Arab descent in major South American soccer.

So what is left for Silvio Berlusconi to win in Tokyo that his Milan has not won twice before? Berlusconi can only repeat the boast that his millions and his desire have built the best team on earth. Again: how boring.

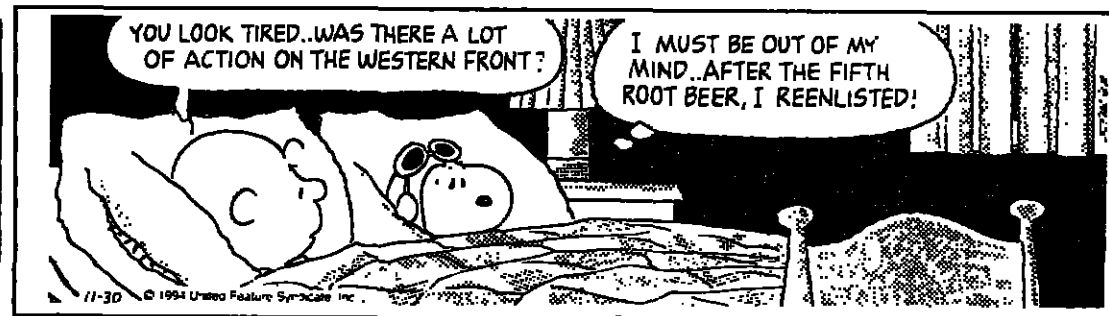
Rob Hughes is on the staff of The Times.

DENNIS THE MENACE

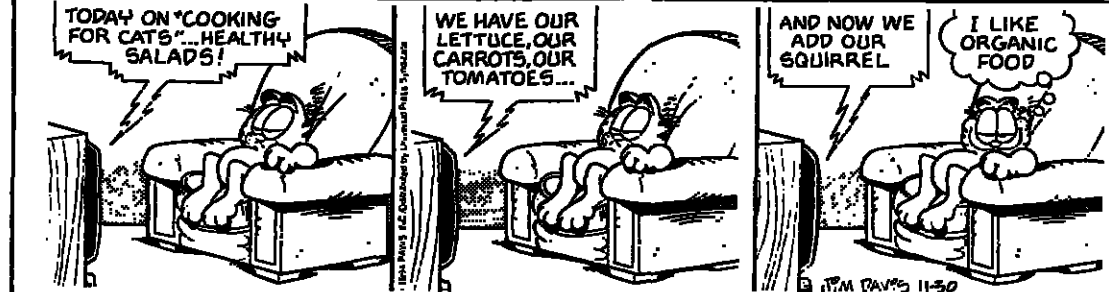


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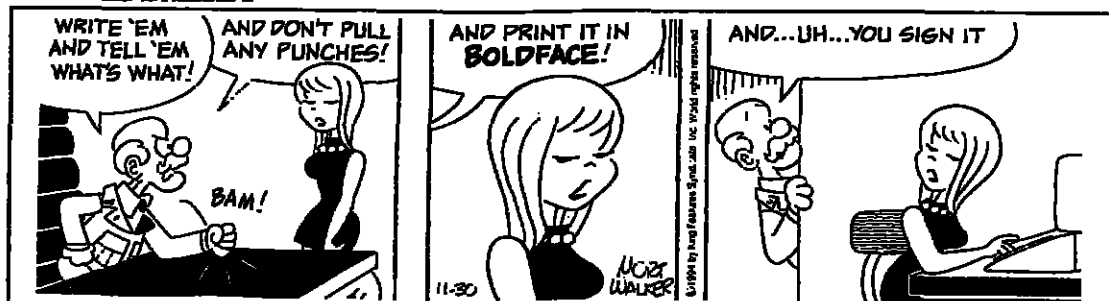
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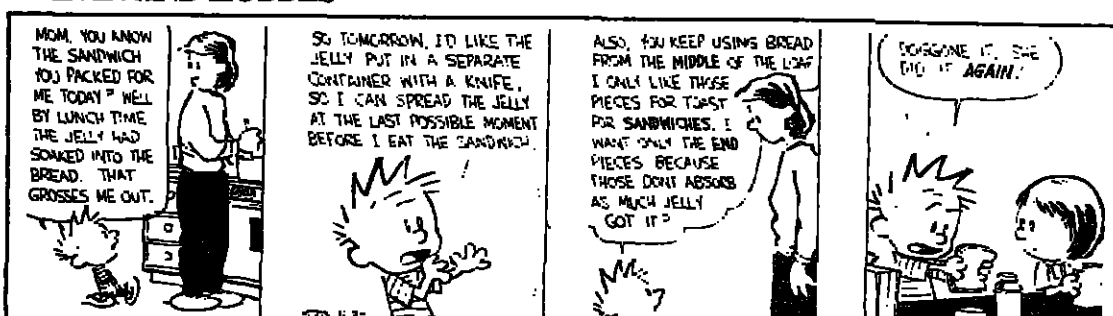
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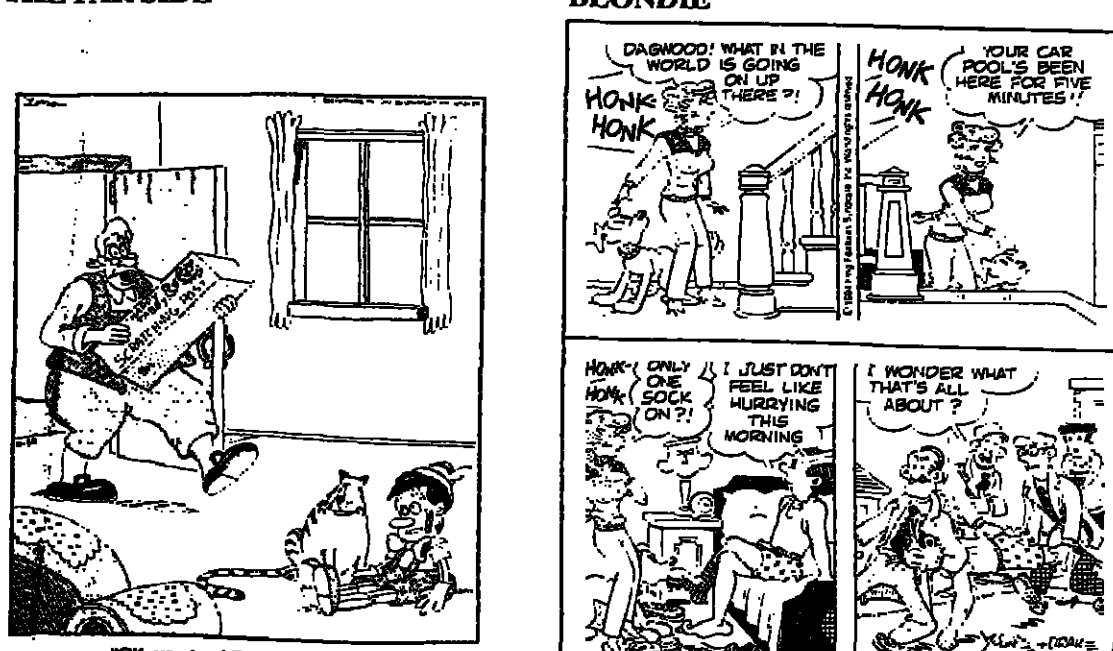
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SPORTS

As College Bowls Issue Bids, Timing Is the Only Surprise

Compiled by Our Staff From Dispatches

Officially, everyone was surprised and happy when the college football bowl bids were officially extended on Monday.

No. 1 Nebraska will play No. 4 Miami in the Orange Bowl, No. 7 Florida State will meet the winner of Saturday's Alabama-Florida game in the Sugar, and No. 3 Colorado faces Notre Dame in the Fiesta.

The matchups were announced Monday, six days before the original date scheduled by the bowl coalition.

Bowl officials announced the pairings early because they did not anticipate major changes in the rankings after Saturday's Southeastern Conference championship game between No. 3 Alabama and No. 6 Florida. There could have been a shake up if Alabama trounced Florida and moved up to No. 1, but that seemed unlikely.

For the second straight year, an undefeated Nebraska team will play for the national championship in the Orange Bowl.

Based on past performance at the Orange Bowl, Miami (10-1) should be favored over Nebraska (12-0). The Hurricanes are 62-1 on their home field over the past decade, while the Cornhuskers have lost five straight at the Orange Bowl.

The Orange Bowl will be the only game with national championship implications that will be played on New Year's Day, which is a Sunday and the second day of the National Football League's wild-card playoffs. The Orange Bowl usually starts about 8 p.m., after most NFL games are finished. But the other bowls, rather than compete with the NFL for television audiences, chose to move their games to Jan. 2.

The Sugar Bowl selected Florida State (9-1-1) to play the

SEC champion, even though it sets up a possible rematch against Florida (9-1-1). The Seminoles overcame a 28-point deficit in the fourth quarter Saturday to tie the Gators, 31-31.

"If that happens, we're billing it as 'Overtime and the Sugar Bowl,'" said the Sugar Bowl's president, Chuck Zatarain.

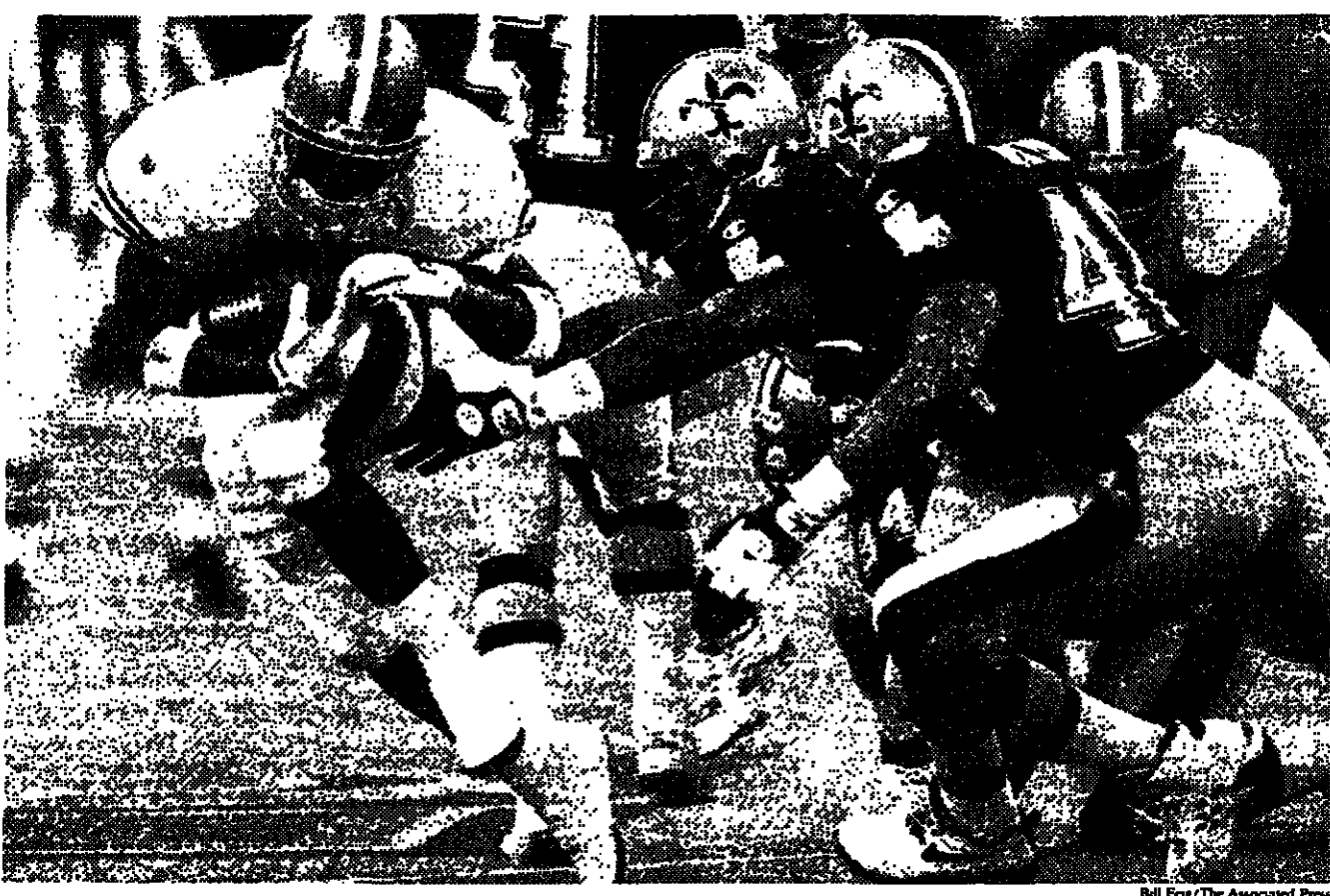
The alternative is Alabama (11-0) vs. Florida State.

"One way, we get an undefeated team with a legitimate shot at the national championship," said the Sugar Bowl's executive director, Troy Mathieu. "The other way, we get to finish a fantastic game that started last Saturday."

Meanwhile, the drawing power of Notre Dame once more became obvious. Under terms of the contract with the schools that comprise the bowl coalition, a source said, the Fighting Irish could go to the Fiesta, Orange, Cotton or Sugar bowl if they had a record better than 6-5. They are 6-4-1.

Other major bowl matchups include: Rose Bowl: No. 2 Penn State vs. No. 12 Oregon; Cotton Bowl: No. 21 Southern Cal vs. Texas Tech; Citrus Bowl: Alabama-Florida loser vs. No. 13 Ohio State; Gator Bowl: Tennessee vs. No. 17 Virginia Tech; Sun Bowl: Texas vs. No. 18 North Carolina; Peach Bowl: No. 23 North Carolina State vs. No. 16 Mississippi State; Hall of Fame Bowl: Wisconsin vs. No. 15 Arizona vs. No. 14 Utah; Independence Bowl: Texas Christian vs. No. 19 Virginia; Copper Bowl: Oklahoma vs. No. 22 BYU; Alamogordo Bowl: Baylor vs. No. 24 Washington State; Holiday Bowl: No. 20 Michigan vs. No. 10 Colorado State.

(AP, WP)



Ricky Watters, eluding Saints defenders, racked up 104 yards in 26 carries as the 49ers clinched the NFC West title.

49ers Roll Over Errors and Saints

The Associated Press

NEW ORLEANS — The San Francisco 49ers left no doubt about a simple fact: nobody in the National Football League other than Dallas is close to them.

The 49ers became the first team to clinch a playoff spot by overcoming a couple of mistakes that would kill mere mortals to beat New Orleans, 35-14, on Monday night as Steve Young threw for 281 yards and four touchdowns.

The victory gave them: • Their 11th NFC West title in 14 years. • Their 12th straight season of 10 victories or more. • Their 11th playoff berth in 12 years. • "We couldn't get them

Walsh Leaves Stanford After 2 Losing Seasons

The Associated Press

STANFORD, California — Bill Walsh, who returned to Stanford to find his "bliss" after coaching the 49ers to three Super Bowl titles, has resigned after two straight losing seasons.

Walsh, who had two years remaining on a five-year contract, will become a special assistant to the Stanford athletic director.

The departure of Walsh, who turns 63 Wednesday, had been rumored in recent weeks. "I just felt that this was an appropriate time to move to another stage of my life," Walsh said.

Walsh returned to Stanford three seasons ago after compiling a 102-63-1 record in 10 years as coach of the 49ers, including Super Bowl crowns in 1981, 1984 and 1988. He was elected to the Pro Football Hall of Fame in 1993.

Walsh, whose first head coaching job was at Stanford in 1977-78, when he led the team to consecutive bowl victories, led the Cardinal to a 10-3 record and a victory over Penn State in the Blockbuster Bowl in his first year back at Stanford in 1992. But the team slipped to 4-7 last season and was 3-7-1 this year.

Baseball Talks: Stall Is Still On

By Mark Maske
Washington Post Service

WASHINGTON — The Major League Baseball Players Association has decided it will not offer a counterproposal to the owners' 12-day-old, according to sources close to the situation.

The prospects of the union and the owners reaching a settlement to end the players' 34-month-old strike and ensure that next season begins on time are as bleak as ever.

The union's decision not to present a counterproposal this week virtually ensures that the owners will decide to declare an impasse in negotiations and unilaterally impose a salary cap system when they meet next Monday in Chicago. The union apparently believes that this bitter labor war will be played out in court and in Congress.

Representatives of the players and owners gathered Monday at a conference center in suburban Washington.

Talks were scheduled to resume Tuesday, and the special mediator, William J. Utery, is urging the two sides to make a frantic final push toward a deal. But privately, principals on both sides of the dispute remained pessimistic Monday, saying they expected this set of meetings to break up after a day or two.

The players' executive board is scheduled to meet in Atlanta beginning next Monday, and sources said the union does not plan to make a counterproposal before then. Ownership representatives said Monday they were hopeful of receiving a counterproposal from the players this week, but management sources acknowledged that they did not expect that to happen.

Asked whether that made it inevitable that owners would unilaterally impose a salary cap next week, one management source, referring to the players, said: "I don't think they are going to leave us with any choice."

The source added, however, that negotiations could continue if the union made a counterproposal following the implementation of a salary cap.

■ **Mets Acquire Harnisch**

The New York Mets, looking to add an experienced pitcher to their rotation, acquired Pete Harnisch on Monday from the Houston Astros for at least one player to be named. The Associated Press reported.

Harnisch, Houston's opening-day pitcher last April, went 8-5 with a 5.40 earned-run average in the strike-shortened season. The right-hander, 28, spent a month on the disabled list with a torn tendon in his pitching arm. His salary last season was \$3,205,000.

Harnisch allowed 100 hits in 95 innings over 17 starts. He has a career record of 61-55 and ERA of 3.73 in six seasons.

SCOREBOARD

NFL Standings									
AMERICAN CONFERENCE									
Team	W	L	T	Pct.	PF	PA	Diff.	Streak	Record vs. Div.
Miami	8	4	0	.667	230	227	+3	W	4-2
N.Y. Jets	6	6	0	.500	228	233	-5	L	3-3
Buffalo	6	6	0	.500	223	225	-2	L	3-3
New England	6	6	0	.500	245	264	-19	L	3-3
Indianapolis	5	7	0	.417	243	258	-15	L	3-3
NATIONAL CONFERENCE									
Team	W	L	T	Pct.	PF	PA	Diff.	Streak	Record vs. Div.
Pittsburgh	9	3	0	.750	233	172	+61	W	5-1
Cleveland	7	5	0	.583	234	148	+86	W	4-2
Cincinnati	2	10	0	.167	207	285	-78	L	1-5
Houston	1	11	0	.083	147	265	-118	L	1-5
EASTERN CONFERENCE									
Team	W	L	T	Pct.	PF	PA	Diff.	Streak	Record vs. Div.
San Diego	9	3	0	.750	271	239	+32	W	5-1
Kansas City	7	5	0	.583	264	148	+116	W	4-2
Denver	6	6	0	.500	267	242	+25	W	4-2
LA Raiders	6	6	0	.500	238	262	-24	L	3-3
Seattle	5	7	0	.417	227	228	-1	L	3-3

The AP Top 25

The top 25 teams in The Associated Press' first basketball poll, with first-place votes in parentheses, released through Nov. 27, total points based on 25 points for a first-place vote through one point for a 25th-place vote, and previous rankings.

Rank	Team	W	L	Points	Record vs. Div.	Rank	Team	W	L
1	Messiah (198)	14	1	1,416	3-0	16	North Carolina	10	2
2	North Carolina	10	2	1,256	2	17	Kentucky	11	1
3	Kentucky	11	1	1,441	1	18	Arkansas	1-1	1,404
4	Arkansas	1-1	1,404	1	19	UCLA	1-0	1,322	
5	UCLA	1-0	1,322	1	20	Duke	2-0	1,258	
6	Duke	2-0	1,258	1	21	Kansas	1-0	1,145	
7	Kansas	1-0	1,145	1	22	Florida	1-0	1,024	
8	Florida	1-0	1,024	1	23	Georgia Tech	1-0	988	
9	Georgia Tech	1-0	988	1	24	Arizona	1-0	975	
10	Arizona	1-0	975	1	25	Cincinnati	1-0	924	
11	Cincinnati	1-0	924	1	26	Maryland	1-0	924	
12	Maryland	1-0	924	1	27	Alabama	1-0	924	
13	Alabama	1-0	924	1	28	Virginia	1-0	924	
14	Virginia	1-0	924	1	29	Minnesota	1-0	924	
15	Minnesota	1-0	924	1	30	Connecticut	1-0	924	
16	Connecticut	1-0	924	1	31	Michigan	1-0	924	
17	Michigan	1-0	924	1	32	Georgia Tech	1-0	924	
18	Georgia Tech	1-0	924	1	33	Wake Forest	1-0	924	
19	Wake Forest	1-0	924	1	34	Syracuse	1-0	924	
20	Syracuse	1-0	924	1	35	Virginia	1-0	924	
21	Virginia	1-0	924	1	36	New Mexico	1-0	924	
22	New Mexico	1-0	924	1	37	Indiana	1-0	924	
23	Indiana	1-0	924	1	38	Brigham Young	1-0	924	
24	Brigham Young	1-0	924	1	39	Texas Tech	1-0	924	
25	Texas Tech	1-0	924	1	40	Utah	1-0	924	
26	Utah	1-0	924	1	41	North Carolina	1-0	924	
27	North Carolina	1-0	924	1	42	Charlotte	1-0	924	
28	Charlotte	1-0	924	1	43	South Carolina	1-0	924	
29	South Carolina	1-0	924	1	44	DePaul	1-0	924	
30	DePaul	1-0	924	1	45	Virginia Tech	1-0	924	

Major College Games

EAST

Cincinnati 72, Rutgers 61
 Southern 81, Conn. Connecticut 81, 75, OT
 Delaware 86, Washington, Md. 77
 Chicago 80, Michigan 77
 Baylor 77, Swarthmore 68
 Washington 103, Wagner 64

WEST

Alcorn 81, 92, Bonfest Christian 79
 Austin Peay 86, Cumberland, Tenn. 53
 Delaware 72, Washington, Tenn. 53
 Mississippi 80, Arkansas 78
 Furman 80, Erskine 59
 Georgia 87, Georgia Southern 57
 Mississippi State 80, Arkansas 78
 Grambling 51, 88, Texas-Arlington 79
 Mercer 86, S. La. 80
 Miami 34, Florida Atlantic 37
 Mississippi 81, Arkansas 77
 Mississippi S. 106, SE Louisiana 67
 Mc. Carleton S. 101, Howard U. 69
 Ole Miss 79, South Carolina 65
 Radford 86, Centenary, N.J. 58
 Sanford 75, North Georgia 55
 Texas-Warrior 86, San Francisco 51, 62
 Tennessee 51, 94, E. Tennessee 57, 79
 VMI 94, Bluefield Coll. 72
 W. Carolina 102, Millington 85

MIDWEST

Bell S. 111, Lynn 79
 E. Michigan 72, S. Joseph's, Ind. 62
 Loyola, Ill. 76, Northwestern 77
 Cleveland 82, U. of Ill. OT
 N. Illinois 79, Wichita State 77
 Ohio S. 81, Dresden 74
 Ohio State 80, Miami 79
 Wis.-Parkside 86, Wis.-Milwaukee 86, OT 79

SOUTHWEST

Rice 82, Baylor 77
 San Houston S. 81, Oral Roberts 73

FAIR WEST

Baylor 75, Portland 74
 Fresno 79, Pepperdine 76
 Idaho 81, 87, W. Green Bay 81, OT
 Montana 67, Washington 56
 Oregon 81, 87, New Mexico 71
 S. Utah 83, S.W. Texas 87
 San Diego State 73, Southern Cal Coll. 54
 Weber 57, 74, Lewis-Clark 52, 65

CRICKET

England vs. Australia, last day
 England 246/6 (322 overs)
 England 246/6 (322 overs)
 Result: Australia won by 184 runs
 South Africa vs. New Zealand, last day
 Result: New Zealand won by 157 runs

CROSSWORD

ACROSS

1 Access way

5 Golden oldie?

10 Sala site

14 H.O.

15 D-day beach

16 Rack's partner

17 Start of a breakfast order

20 Human culture phase

21 Laurel tree nymph

22 Draw

23 Meadow flowers

24 London or Manchester, e.g.

25 Lamebrain

26 Wedding necessity

29 Farm vehicle

31 Goddess pictured with an open papyrus

35 Continuation of 17-Across

36 In addition

39 First name in mysteries

40 Dome-top openings

41 Perón et al.

42 Tropical winds

43 Wall Street's Burnham Lambert

46 Hosp. machine

47 Salts

48 Former British coins

52 End of 17-Across

55 Two before X

56 Sister of 31-Across

57 Old dog in a Stephen Foster song

58 Actor Jannings

59 Ignited a snuffed wick

60 Exclusive

DOWN

1 Indian rule

2 Here, an aspen

3 The Ghost and Mrs.

4 Spanish guitarist—De Lucia

5 Angora yield

6 Appearance

7 Baronet's wife

8 "I knew it"

9 Youngsters' diamonds

10 —suzette

11 Zoro

12 Links

13 Handler: Fr.

14 Put in a vault

15 Paint poorly

16 Transported

18 Turkish V.I.P.

24 Turkish V.I.P.

25 Russia's Mountains

26 Word with ring or coin

27 Belly laugh

28 Soolds, with "out"

29 Lobster roe

30 Instant correspond—ence

31 Imogene of "Your Show of Shows"

32 Extol

33 Michigan's —

34 Inventor Elisha

35 T-man

36 Former Ford

41 Corporate chief

42 Warp-knit fabric

43 Levi Strauss stock

44 Arms of a sort

45 Instant correspond—ence

46 Clivies

47 Banker's byword

48 Caged puck

49 News

50 Bygone hair style

51 Gummed flap

52 Prefix with date or dawn

54 Hurricane's center

CRICKET

England vs. Australia, last day

Tuesday, in Brisbane

England 241 (wins): 332 (1372 overs)

Australia 241 (wins): 332 (1372 overs)

South Africa vs. New Zealand, last day

Tuesday, in Johannesburg

South Africa 150 (wins): 150

New Zealand won by 127 runs.

Major College Scores

EAST

Chicagoo 72, Rutgers 61

Dartmouth 81, Cent. Connecticut 75, OT

Delaware 84, Washington 68, OT

Duquesne 62, Richmond 54

Lafayette 87, Swarthmore 62

Marquette 105, Wagner 64

WEST

Arizona 72, Utah 61

California 72, Stanford 61

Colorado 72, Utah 61

Idaho 72, Utah 61

Montana 72, Washington 61

Nebraska 72, Nebraska 61

Oklahoma 72, Oklahoma 61

Oregon 72, Oregon 61

San Francisco 72, San Francisco 61

Texas 72, Texas 61

Utah 72, Utah 61

Washington 72, Washington 61

Wisconsin 72, Wisconsin 61

Yale 72, Yale 61

CORUM

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ACROSS

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14 H.O.

15 D-day beach

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